



tips

Truth in Advertising

January 1991

Promises, promises

If you only use "Formula X" shampoo, you'll look like a movie star! If you only buy a "Model Y" car, your popularity will soar. And if you buy "Brand Z" face cream, you'll appear 10 years younger!

Sound familiar? These ads are made up — but they're typical of the advertising claims that consumers too often fall for. Such ads use myths, images, and personalities to persuade you to buy a product or service. In some cases, ads are intentionally misleading.

Keep in mind, however, that truthful advertising plays a useful role in our economy. Advertising makes consumers aware of new products, supports magazines, newspapers, television, and radio, and increases demand for goods and services. It's up to you, the consumer, to learn to use advertising wisely.

Recognize persuasive techniques

Advertisers often use emotional images, empty claims, and vague words to sell their products. Here are some examples.

▼ Emotional images

- **Family environment:** "Be like the happy family shown in the ad by buying a certain product."
- **Motherhood:** "The careful, warm mother knows what's best for her loved ones."
- **Feeling good:** "You owe it to yourself to buy the product."

▼ Empty claims

- **Questioning:** "Fluffy shampoo. What could be more natural?"
- **Pseudo-scientific:** "Super Oil with XYZ."
- **Assertive:** "It's the real thing."

▼ Vague words

- **Helps:** "Helps prevent, helps fight"
- **Like:** "Cleans like a white tornado"
- **Virtually:** "Virtually stain-free"
- **Up to:** "Cured for up to eight weeks"
- **The look, the feel of:** "The look and feel of fine leather"

What protection is there?

Advertised claims about a product must be true. A number of provincial and federal laws protect you against false or misleading advertising.

▼ Provincial laws

The Unfair Trade Practices Act, administered by Alberta Consumer and Corporate Affairs, outlines what is considered to be misleading advertising. According to the Act, it is unfair to:

- Mislead the public about the price, previous history, availability, or description of an item
- Make false claims about the performance, warranties, efficiency, or life span of a product

Under this Act, if you can prove that you suffered loss due to misleading advertising, you may be able to obtain compensation for the loss you suffered.

▼ Federal laws

Several federal laws make misleading advertising a criminal offence.

The Competition Act, administered by Consumer and Corporate Affairs Canada, allows for substantial fines and even imprisonment for businesses guilty of misleading advertising. However, consumers are not compensated for losses suffered as a result of the advertising.

The Consumer Packaging and Labelling Act, administered by Consumer and Corporate Affairs Canada, makes it an offence to include false statements on product labels.

The Food and Drug Act, administered by Health and Welfare Canada, makes it an offence to publish misleading advertisements about food or drugs.

How can I fight offensive advertising?

Suppose you see an ad that insults a minority group, uses excessive violence, or is in extreme bad taste. What can you do?

You can lodge a complaint through the Canadian Advertising Standards Council. This self-regulating

group representing Canadian advertisers administers two voluntary codes: the Canadian Code of Advertising Standards, and the Broadcast Code for Advertising to Children. These codes give guidelines on what is and is not acceptable in Canadian advertising.

When you lodge a complaint, the council will investigate. If the advertisement is found to violate one of the codes, the advertiser will be asked to change it. Most advertisers will agree to do so. If they refuse to comply, the newspapers, television or radio stations running the ad are informed and asked to change or withdraw the ad. Write to:

Alberta Advertising Standards Council
P.O. Box C.H. 3000
Calgary, Alberta
T2P 0W8

Alberta Advertising Standards Council
P.O. Box 5030
Postal Station E
Edmonton, Alberta
T5P 4G2

Canadian Advertising Foundation Division
350 Bloor Street East, Suite 402
Toronto, Ontario
M4W 1H5
(416) 961-6312

Alberta Consumer and Corporate Affairs

Calgary 297-5700
301 Centre 70
7015 Macleod Trail South
Box 5880, Postal Station A
Calgary, Alberta
T2H 2M9

Camrose 679-1733
Aspen Business Park
4911-47 Street
Camrose, Alberta
T4V 1J9

Edmonton 427-5782
3rd Floor, Capilano Centre
9945-50 Street
Edmonton, Alberta
T6A 0L4
and

126 Pacific Rim Mall
9700-105 Avenue
Box 10
Edmonton, Alberta
T5H 4J1

Fort McMurray 743-7231
Provincial Building
5th Floor, West Tower
9915 Franklin Avenue
Fort McMurray, Alberta
T9H 2K4

Grande Prairie 538-5400
Provincial Building
10320-99 Street
Box 7
Grande Prairie, Alberta
T8V 6J4

Lethbridge 381-5360
300 Professional Building
740-4 Avenue South
Bag Service 3014
Lethbridge, Alberta
T1J 4C7

Medicine Hat 529-3535
Provincial Building
346-3 Street SE
Medicine Hat, Alberta
T1A 0G7

Peace River 624-6214
Provincial Building
9621-96 Avenue
Bag 900, Box 9
Peace River, Alberta
T8S 1T4

Red Deer 340-5241
Provincial Building
4920-51 Street
Red Deer, Alberta
T4N 6K8

Tips

Common Consumer Questions

January 1991

Consumers call Alberta Consumer and Corporate Affairs with many questions. Here are some common consumer questions and the answers to them.

▼ Can I get my deposit back?

A deposit is money you give to a business to hold goods for you. When a business agrees to hold goods, the business promises not to sell them to anyone else for a certain period of time. This gives you a chance to decide if you really want to buy the goods.

The law does not require stores to return deposits. Each store sets its own rules about deposits. Ask the salesperson if you can get your deposit back if you decide not to buy the goods.

If you cannot get your deposit back, think carefully about leaving a deposit.

If you are told you can get your deposit back, ask the salesperson to write that promise on your receipt and to sign it.

▼ Can I return goods if I change my mind?

The law does not require stores to accept returns. Each store sets its own rules about returns. Ask about a store's return policy before you buy.

If a store allows returns, you will probably have to present your receipt when you return the goods. And you may have to return the goods within a certain number of days.

When you return goods, the store usually decides if you get a refund, an exchange, or a credit.

Some Definitions

refund—The store gives your money back to you.

exchange—You choose another item that costs the same amount as the goods you returned.

credit—The store keeps your money but gives you credit for the amount that the returned goods cost. You can use the credit to buy something else at the store another time. The store will give you a credit note, which you must present when you buy the new goods. This kind of credit differs from the credit you use when you buy goods with a credit card.



Ontario Ministry of Consumer and Commercial Relations

Some stores do not allow you to return goods that you bought "on sale" at special discount prices.

For health reasons most stores do not allow you to return certain items. For example, you usually cannot return bathing suits and pierced earrings.

▼ What if goods are damaged?

Sometimes you buy goods and discover when you get home that they are damaged or do not work properly. Here are four common situations:

- If you made your purchase at a store that advertises "satisfaction guaranteed or your money refunded," the store should live up to its promise by refunding your money. You may decide you want the store to replace the goods. The store will probably agree to do so.
- If the goods came with a warranty, the warranty may cover repair or replacement. Read the warranty and follow the instructions in it. If you are not sure if the warranty covers repair or replacement of the goods, check with the store where you made your purchase.
- If the store does not have a "satisfaction guaranteed" policy and if no warranty exists, the store must repair the goods. If the goods cannot be repaired properly, the store must replace them.
- If goods were sold "as is," the store does not have to repair or replace them.

▼ What does "as is" mean?

Some goods are sold "as is." That means they are sold with all their good and bad features. Used and damaged goods are often sold "as is."

When you buy something "as is," you accept the defects in it. There is no warranty to cover repairs. Before you buy something "as is," check it carefully. You will have to pay the cost of any repairs you decide to make.

You do have some protection when you buy goods "as is." The Unfair Trade Practices Act protects you from dishonest salespeople. This Alberta law says that salespeople must be truthful when they talk about a product. Salespeople break the law if they sell you defective goods when they know that you are not aware of the defects.

▼ What if goods don't arrive in time?

A business may promise to deliver goods to you by a certain date. If the goods do not arrive by that date, you cannot automatically cancel your contract. You must usually give the business a reasonable amount of extra time past the promised date to deliver the goods.

If you feel that the length of the delay is unreasonable, talk to the manager of the business. Explain why you cannot accept the delay. You and the manager may agree to cancel the contract. Or you might decide on a delivery date that is agreeable to both you and the business.

If you and the business cannot work out a solution together, you may have to go to court. Then a judge will decide what a reasonable waiting period is in your situation. Only after that waiting period can you cancel your contract.

If you definitely must have goods delivered by a specific date, protect yourself. Tell the salesperson to include the delivery date as a condition of the contract. The salesperson should write on your receipt or contract: "This sale is conditional upon receipt of goods by (date)."

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7015 Macleod Trail South
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T2H 2M9

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Shop Around

January 1991

Smart consumers know that comparison shopping pays off. Although shopping around takes time, you usually benefit in the long run by getting better value for your money.

Stop before you shop

- Before you go shopping for an item, ask yourself if you really need it. It's easy to purchase on impulse, and not have enough money left over for things you really need.
- Learn how to interpret advertising claims and information on labels. Publications by consumer help organizations available in libraries and bookstores offer guidance on how to read labels and evaluate ads.
- Ask friends and neighbors for recommendations. Often the best information comes from people who have had first-hand experience with a product.
- Don't rely on price alone when deciding on the best buy.
- Plan your purchases to take advantage of sales. The best time to buy gardening equipment, for example, is usually in late summer or fall. Be sure the advertised sale is a genuine sale.
- The Better Business Bureau can tell you if it has received many unresolved complaints against a particular retailer.
- Shop as carefully for credit as you do for merchandise.
- Check your local library for product test reports and general buying guides.

Use product test reports

Product test reports can be a valuable tool. Many of these reports are conducted by unbiased, non-profit organizations, and published in magazines widely available in libraries, by subscription, or at newsstands. Here are some guidelines to using them:

- Check the cumulative index of the magazine to find out whether the product you are looking for has been tested, and what issue the report appeared in.
- Consider where, how, and for what purpose the product was tested. If the testing was done by a United States organization, the product may not be available in Canada. Even if a product is available here, it may be built to different specifications.
- Check the date of the report to ensure that the information is up to date.
- Note the specific model numbers of the products discussed in the test reports. The test results apply only to those models, not to other models made by the same companies.
- Be aware that evaluations are done on a sampling basis. Even if you choose a highly-rated brand and model, you could end up with a faulty product.
- Keep in mind that some publications accept advertising about the products they review. Such reviews may be overly favourable.
- Use product reports only as guides to selection. A product that has not been tested may be as good or better than one that has.

Look for these titles

Canadian Consumer. Monthly magazine. The December issue gives a cumulative index to the preceding issues. Order from: Circulation Department, Consumers' Association of Canada, P.O. Box 9300, Ottawa, Ontario K1G 3T9.

Consumer Reports. Monthly magazine. Each issue has a cumulative index to 11 preceding issues. Order from: Subscription Department, Consumer Reports, P.O. Box 53009, Boulder, Colorado, 80322-3009.

Consumer Reports Buying Guide issue of Consumer Reports provides a variety for condensed product reports. You can buy it at newsstands.

Protects Yourself. Monthly magazine. The April issue is devoted to car-buying. Order from: Protect Yourself, 174 Saint-Foy Boulevard, Suite 103, Longueuil, Quebec J4J 1W9.

Gold Book of Used Car Prices. Gives

approximate retail value of used cars up to 10 years old. Updated bi-monthly. Sandford Evans Communications, 1077 St. James Street, Box 6900, Winnipeg, Manitoba R3C 3B1.

Lemon-Aid New Car Guide-Annual, Lemon-Aid Used Car Guide-Annual. Books by Phil Edmonston, Musson Book Company. They evaluate makes and models of cars.

Get to know your Consumer Corner

Many public libraries in Alberta have a "Consumer Corner," a special section devoted to information about the marketplace. Here you'll find consumer books and magazines, an index to helpful magazine articles, and publications from Alberta Consumer and Corporate Affairs. Consumer Corners are a joint venture between Alberta Consumer and Corporate Affairs, and the libraries.

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tips

Guarantees and Warranties

January 1991

Have you ever bought a car battery with a two-year warranty? You'd suppose that if the battery fails to work after 12 months, you could have it repaired or replaced at no cost to you.

Be aware that warranties may be more complex than you realize. The battery warranty, for example, may be arranged on a *pro rata* basis. This means that it is assumed you had use of the product until it failed. So you might have to pay 50 percent of the replacement cost after one year.

You can avoid such unpleasant surprises with a solid understanding of how warranties work. Read on to find out:

- How to protect yourself from worthless warranties
- How to make your warranty work
- How to avoid scams when purchasing extended warranties

What is a warranty?

A warranty is a seller's promise to the buyer that the product fulfills specified conditions and is free of hidden defects. It is considered part of the sales agreement.

The words "warranty" and "guarantee" mean the same thing in everyday business, although they may have different legal meanings. Here the term "warranty" is used for both "warranty" and "guarantee."

What does it cover?

Find out *precisely* what is covered by a warranty before accepting it. Parts of an item may be covered in different ways. Some warranties, for example,

may cover all parts and labor for 90 days, parts only for a year, and specific parts for additional years.

A warranty may take effect on the date of purchase, the time of delivery or installation, or the date when a registration card is mailed or received.

Beware of meaningless statements such as "fully warranted" or "lifetime warranty." These do not usually refer to the life of the buyer. More likely, they refer to the life of the product, or the length of time the original purchaser is likely to own a particular item.

In the world of warranties, learning what is *not* covered can be as important as learning what is!

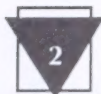
Is your warranty worthless?

If warranty coverage is an important reason for buying a particular product, be sure you buy from an authorized distributor. If you buy from an unauthorized distributor, the warranty may be worthless.

Unfortunately for the consumer, unauthorized distributors are not required to post warning signs. It's up to you to find out whether a retailer is "authorized" or not.

The most dependable way to identify an authorized distributor is to call or write the manufacturer. (Look for the address on promotional literature.) You can also:

- Ask for manufacturer's literature on the product you want to buy.
- Look for name plates or plaques stating that the retailer is an authorized distributor.
- Ask a salesperson or the owner if the store is an authorized distributor of the product, and whether or not warranty claims will be honored.



Warranty checklist

Before you accept a warranty, be sure you can answer these key questions:

- Who is providing the warranty?
- Is the entire product covered or only certain parts?
- Are both parts and labor covered? What is not covered?
- What is the product warranted against?
- What will the warrantor do if problems arise?
- Is the warranty valid only for the original owner?
- Who provides service and repairs on the warranty?
- When does the warranty run out?

Limits of legal protection

Under the Unfair Trade Practices Act, consumers are protected against false or misleading statements in verbal or written warranties. However, the consumer may have problems proving that a salesperson made a particular promise. Get all warranties in writing!

Consumers are given some protection from shoddy merchandise under the Sale of Goods Act. **A warranty, however, may contain a disclaimer clause which removes rights the buyer would otherwise have under this Act. Watch out for disclaimers.**

Make your warranty work

Some warranties may not be valid unless registered. This may often be done at the store

where you purchase the item, or you may have to fill out and mail a form to the manufacturer.

Manufacturers sometimes limit warranty coverage to the original purchaser. They may also declare a warranty invalid if anyone but an authorized serviceman repairs the product. Check this out before you attempt a repair job yourself!

Store all receipts carefully, in case you have to make a claim on the warranty.

Extended warranties

An extended warranty can sometimes be purchased to provide protection when the original warranty expires. Be aware that extended warranties are often more limited than the original and do not cover common types of repairs.

There are two basic kinds of extended warranties: (1) the manufacturer of a product extends the original warranty for an extra charge; and (2) "third party extended warranties" provided by warranty firms to cover future repair costs.

Third party extended warranties cause the most trouble for consumers, especially when they apply to vehicles. The three most common problems with firms that sell third party extended warranties are bankruptcy, closure of the business or fraud.

Recently another type of extended warranty coverage has appeared. This coverage is provided by a major credit card company and applies to purchases made on the card. Other companies may enter the field.

If you have trouble with an extended warranty, you may have to seek redress through expensive and lengthy legal action. Protect yourself by treating all extended warranties with caution.

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tips

Buying a Used Car

January 1991

This tipsheet is designed to help you make a wise choice when buying a used car. You'll find out:

- How to choose the right car for your needs
- How to protect yourself from buying a lemon
- How to make an offer and complete the sale
- About insurance requirements

Before you buy

Think about why you want a car. Will you use it for city driving only? Or for long trips as well? How many passengers will you have? Will you need to pull a trailer or a boat?

These questions will help you to decide on the size and model that will best meet your needs, and what options are important to you.

▼ Stay within your budget

How much can you afford to pay for a used car? Do you have enough money to cover yearly costs? These expenses include:

- Registration and licence plates
- Insurance
- Gasoline and oil
- Maintenance and repairs
- Parking
- Interest if you buy on credit

▼ Shop around

When you buy a used car, you'll be faced with a choice of hundreds of makes and models. Get as

much information as you can about the reputation and repair records of different cars. This information is available in most public libraries and book stores. Some guides to look for are *Lemon-Aid Used Car Guide* and *Consumer Reports Guide to Used Cars*. Useful magazines include *Canadian Consumer*, *Protect Yourself*, and *Consumer Reports*.

Research car prices by studying classified ads in newspapers and specialty publications that sell used goods. Some titles to look for are *Auto Trader* and *Bargain Finder*. Also check the public library for the *Gold Book of Used Car Prices* and the *Canadian Red Book*.

If you don't know much about cars, it's a good idea to shop with someone who does. Try to visit several dealers. Also look for private sales in classified ads in newspapers and the publications listed here.

When you find a car you like

When you find a car you like, inspect it carefully inside and out:

- Look for signs of an accident. Does the hood close properly? Are paint and chrome new? Any dents?
- Check parts and accessories, such as lights, horn, seatbelts, radio, heater, and windows. Do they work?
- Look for rust damage.
- Does the car need new tires? Is there a spare?

Remember that most used cars are sold "as is." That means the seller will not fix any flaws or damage.

▼ Take a test drive

Always test drive a car before you buy it. If possible, drive it in the city and on the highway, and take a friend along to help. Here are some things to look for:

- When you turn on the engine, does it start right away? Are there any unusual noises or vibrations?
- Are the gas and brake pedals firm? When you take your foot off, do the pedals spring back?
- Do the brakes work well?
- Does the tailpipe produce heavy smoke?
- Does the car steer straight? Is it comfortable to drive?

▼ See a mechanic

Before you decide to buy a car, take it to a mechanic or car clinic for an inspection. One or two hours of a mechanic's time cost about \$50 to \$100. This will be money well spent, especially if you discover the car needs costly major repairs (See *Make an Offer*).

▼ Watch out for curbers

Watch out for curbers. Curbers sell cars from their homes, often leading you to believe that they are selling their own family vehicle. What they are really doing is buying used cars for low prices and selling them right away for a quick profit. A curber is running a used car business without a licence. This is illegal.

If you deal with a curber, you may pay too much. Or you may not be told the truth about the car. For example, a curber may tell you a car has been in his family for years, and was used only on weekends. In reality, it may have been a taxi.

Although it can be difficult to find out if you are dealing with a curber, these steps can help:

- Check the name of the registered owner on the car's registration. If it is not the same as the seller's, be careful. The seller could be a curber.
- Also check the issue date of the registration card. It will tell you how long the seller has been the registered owner of the car.

You can also check at a Motor Vehicles Office to find out if the seller is the registered owner. Write or go in person. You will need the name of

the private seller and the make, year, and serial number of the car. You will have to pay a small fee. (See *For More Information*.)

▼ Check for liens

As a last step before you buy a used car, check for liens. A lien usually means that a previous owner still owes money on the car. If you buy a car with a lien, you might have to pay the amount that is owing, or the car could be legally seized by the Sheriff.

You can check for liens registered in Alberta by having a search done at the Personal Property Registry. You will need the car's year, make, and serial number. You'll have to pay a small fee.

Personal Property Registry
5th Floor, J.E. Brownlee Building
10365 – 97 Street
Edmonton, Alberta
T5J 3W7
427-5104

Personal Property Registry
3rd Floor, J.J. Bowlen Building
620 – 7 Avenue SW
Calgary, Alberta
T2P 0Y8
297-6230

If you decide to buy

Satisfied that you've found a good used car? Then it's time to make an offer. Most dealers, and some private sellers, will ask for offers in writing. The seller may provide a form, called a Bill of Sale or Offer to Purchase. These forms are also available from your nearest Motor Vehicles Office. (See *For More Information*.)

▼ Make an offer

Be sure you really want the car. If the seller accepts your offer, the car is yours. Both you and the seller should sign the offer.

You may want to add conditions to your offer. For example, you may state that your mechanic must inspect and approve the car before the sale is final. If you need to borrow money to buy the car, you may want to make the offer subject to getting credit at a reasonable rate.



In these cases, the seller may ask you for a deposit. Write into the offer that your deposit will be refunded if the mechanic does not give his approval, or if you don't receive credit.

▼ Shop for credit

If you're borrowing money to buy a car, shop around for the lowest interest rate. Then make the biggest monthly payments you can afford. This will reduce the total amount you pay for the car in the long run.

A credit contract should include:

- A description of the car
- The amount of any trade-in
- Complete financial information, including the total amount owing, the down payment, the total interest charge, the amount of each payment, the number of payments, and when each payment is due.

▼ Get a bill of sale

Be sure to get a bill of sale. It should contain this information:

- Date of the sale
- Your name and address
- The seller's name and address
- The car's year, make, model and serial number
- The number of kilometres on the car
- The price and how you are paying

Ask the seller to write down any important promises or statements about the car. For example, write down any promise about a warranty. If the seller says the car has a new engine, ask him to write that information on the bill of sale.

▼ Get insurance and plates

In Alberta, car owners must have motor vehicle liability insurance of at least \$200,000. If you hurt someone or damage property in a car accident, this insurance will pay for the costs. If you drive without this type of insurance, you are breaking the law and could be fined up to \$2,500.

When you buy insurance, the agent will give you a pink liability insurance card. Take your bill of sale and the pink insurance card to a Motor Vehicles Office to register your car and get licence plates. You will pay about \$41 for basic licence plates and registration.

For more information

You can find the nearest Motor Vehicles Office by calling the general information line at 427-7013 in Edmonton, and 297-4210 in Calgary. Outside Edmonton and Calgary, call toll-free by dialing the RITE number and asking the operator to connect you to 427-7013. The RITE number is listed under "Government of Alberta" in the phone book.

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Bag Service 3014
Lethbridge, Alberta
T1J 4C7

Medicine Hat 529-3535
Provincial Building
346-3 Street SE
Medicine Hat, Alberta
T1A 0G7

Peace River 624-6214
Provincial Building
9621-96 Avenue
Bag 900, Box 9
Peace River, Alberta
T8S 1T4

Red Deer 340-5241
Provincial Building
4920-51 Street
Red Deer, Alberta
T4N 6K8



Tips

Personal Property Insurance: Get the coverage you need

January 1991

You leave your ring on the bathroom vanity in the morning. You want to wear it in the evening but can't find it. Maybe it's been washed down the drain. Perhaps it's been stolen.

Your sewer backs up during a heavy rainstorm. You estimate you will spend about \$1,500 to repair the damage caused by the water.

You take a week-long ski vacation in January. While you are away, your water pipes freeze and burst, doing considerable damage to your home and belongings.

Will your personal property insurance cover the losses described above? If you're like most people, you probably aren't sure. Maybe you've never read your homeowner's or tenant's insurance policy. You could be in for a few surprises. Coverage you assume you have may not exist, or may be limited. This tipsheet can help you:

- determine your personal property insurance needs
- compare insurance agents, companies, and policies
- become familiar with types of coverage that are available
- become familiar with major exclusions—that is, specific kinds of property and situations not generally covered by insurance

Attention renters:

You need household property insurance. If you rent an apartment, a house, or any other residence, you are responsible for buying your own personal property insurance. Your landlord does not carry insurance coverage for your belongings.

Your insurance needs

These questions will help you determine your insurance needs:

- Do you own your home? How much is it worth? Do you have additional buildings on your property; for example, a garage or toolshed? Does your home have special features such as a hot tub or air conditioning?
- How much are your belongings worth? Don't just think of the big items. If your house went up in flames, you might have to buy everything from underwear to tableware. Include things like food, compact discs, tapes, books, and cosmetics.
- Do you have any belongings that are particularly expensive or that might not be covered in a basic homeowner's or renter's policy? For example, most basic policies only cover goods such as furs, jewels, and musical instruments up to a certain dollar value. Ask your agent what other items have limited coverage. To insure such items for their full value, you will have to ask for and pay for an addition to your policy.
- Do you work at home? Do you keep the tools of your trade at home? For example, musical instruments, tools, computer, or books? You may need extra coverage.
- Is the location you live in prone to certain perils? (A peril is an event that causes a loss.) For example, in certain areas, sewers may be likely to back up in the spring. Find out if you can get coverage.
- Do you rent out part of your home? If your tenants had to vacate their suite because of damage to your home, could you manage without their rent payment?

Compare agents

The agent is the person who helps you choose a policy, and sells the policy to you.

An independent agent, sometimes referred to as a *broker*, sells policies for a number of insurance companies. A captive agent, on the other hand, sells policies for one insurance company.

An agent's professional duty is to:

- help you determine your needs
- know the products he or she sells
- provide you with information to help you choose the policy that offers you the best coverage and rates

An agent may also assist you in your dealings with the insurance company; for example, during the claims process.

How do you find an agent who will do these things well? Ask your friends and neighbours for recommendations. Look for an agent who is knowledgeable and who offers clear explanations of policies and procedures.

Compare companies

The insurance company, also known as the *insurer*, is the party that offers policies for sale through the agent. The insurance company makes payment to you when you have a valid claim.

Here are some things to consider as you choose an insurance company:

- Does the insurance company offer coverage you need? For example, some companies will cover sewer backup in their standard homeowner's package, while others will not. See the next section of this tipsheet, titled "Compare policies," for more information about types of coverage.
- What is the cost of the coverage you need? This cost will vary between insurance companies. The policy with the lowest premium is not necessarily the best policy for you. The lower-priced policy could exclude certain coverage that you need.
- What is the insurance company's reputation for settling claims? Ask your acquaintances about their experiences with insurance claims.

Your insurance is protected

What if a property insurer goes bankrupt and is unable to make payments on valid claims? In Canada, payment may be made by the Property and Casualty Insurance Compensation Corporation. The Corporation administers a fund collected from property and casualty insurers to protect consumers in the event of a property or casualty insurer's bankruptcy. The maximum amount the Corporation will pay on all claims that result from a single loss is \$200,000, or the limit of the policy, whichever is less. Payment is subject to deductibles. For more information, write to the Corporation at 390 Bay Street, Suite 2000, Toronto, Ontario, M5H 2Y2. Or call (416)369-1962. Ask for the free pamphlet "Protecting Your Insurance."

Compare policies

Your agent may refer to a policy as a standard tenant's "package" or homeowner's "package." Every insurance company designs its own package policies to provide the basic minimum coverage that most homeowners or tenants need. Package policies do vary between companies. You and your insurance agent should determine your individual needs, choose the basic package policy that meets those needs most fully, and add extra coverage if necessary.

▼ Do you need all-risk coverage or specified perils coverage?

All-risk coverage protects you against any type of risk or peril, except the ones the policy names as excluded. For example, an all-risk policy will exclude losses due to earthquake, landslide, and theft by a resident of the household. Read your policy to see what other exclusions apply.

Specified perils coverage only protects you against certain perils. These perils are named in your policy. Specified perils may include fire, lightning, wind, smoke, theft, and vandalism. Under a specified perils policy, perils *not* named in the policy are *not* covered. Suppose you have a specified perils policy that does not name mysterious disappearance as a peril that is covered. You leave your ring on a washroom vanity and

return to find it gone. The ring disappeared mysteriously: You don't know if it was stolen or if it was washed down the drain. You are not covered for the loss.

Generally, all-risk coverage offers better protection and costs more than specified perils coverage.

▼ Do you want replacement cost coverage or actual cash value coverage?

If your property is insured for *replacement cost*, the insurer will pay you the full cost of repairing or replacing the lost or damaged property. No deduction is made for depreciation of the property. For example, suppose you paid \$500 for your fridge 12 years ago. You might pay \$1,200 to buy a comparable fridge today. If that fridge were destroyed in a fire and you had replacement cost coverage, the insurance company would reimburse the \$1,200 you would pay to replace it. Be aware you must replace the damaged item. If you choose not to, the insurance company will only cover the loss for *actual cash value*.

If you only have coverage for the actual cash value of the fridge, the insurer pays what the fridge is worth today, which could be as little as \$225.

If your insurance policy does not state specifically that your property is covered for replacement cost, it is covered for the actual cash value. **You will pay a little more for replacement cost coverage. The small expense is well worth the extra coverage.** Make sure the limit of coverage stated in your policy reflects full replacement value for all property insured under the policy.

▼ Major exclusions

Some perils simply are not covered by any insurer. For example, most insurers will not offer coverage against these perils: earthquakes, floods, landslides, avalanches, nuclear accident, and war. Such perils aren't covered because the potential for widespread damage is so great that the insurance company couldn't possibly pay for all the resulting claims.

In addition, most package policies do not provide coverage in the following situations:

- If you are away from home for more than four consecutive days during the normal heating season: The insurer will not cover loss or damage caused by frozen water pipes unless you have a competent person checking your home daily.
- Sewer backup: Most insurance companies do not offer sewer backup protection in their package policies. Some companies do offer *additional* coverage for sewer backup. When you buy such coverage, read your policy and find out if both the sanitary and the storm sewer systems are covered. If you have protection for your sanitary system only, you will not be covered if the storm sewers back up during a heavy rain.
- Vacancy period greater than 30 days: Generally, the insurer will not cover losses incurred when you leave your home vacant for longer than 30 days. You may be able to obtain a vacancy permit, which would indicate the insurer is aware of your absence and agrees to continue coverage. There will, however, be restrictions on the coverage. For example, the insurer probably will not cover loss incurred through vandalism, malicious acts, and water escape.

Most basic property insurance policies do not offer coverage, or offer limited coverage, for watercraft, personal computers, and motorized vehicles such as trailers, tractors, and cars. Talk to your agent about purchasing additional coverage for these items.

▼ Comprehensive personal liability coverage

Under a homeowner's or a tenant's package policy, you are protected by comprehensive personal liability insurance. This insurance protects you under certain circumstances when someone is hurt in your home or on your property, or if another person's property is damaged by you or a member of your immediate family who lives in your home. This insurance also protects tenants in certain cases where they are legally liable to landlords for damage to the landlord's property. To find out more about this coverage, talk to your insurance agent.



Read your policy

Because many people shop for insurance over the phone, they don't usually get a chance to look at their policy until after they've bought it. It's a good idea to read your policy once you receive it. If the policy does not provide the coverage you expected, talk to your agent immediately.

When you read your insurance policy, look for the answers to these questions:

- Who is named as the insured person? If you are legally married, a policy issued in your name will cover your spouse's property as well as your property. In other living situations, it is best to have all residents who require coverage named in the policy as insured persons.
- What property (buildings, personal belongings) is insured?
- What additional coverage do you have? For example, if your home is damaged in a fire, you may be covered for additional living expenses if you have to vacate it for repairs. You may also be covered for removal of debris.
- What perils are you insured against? For example: fire, theft, water damage. What perils are not included? For example: floods, mysterious disappearance.
- Do you have replacement cost coverage or actual cash value coverage?

Is your policy hard to read?

If you have difficulty understanding your policy, contact your insurance agent. Ask him or her to go through the policy with you and answer your questions.

Let your agent and your insurance company know what it is about your policy that makes it hard to read and understand. For example, is the print small? Are the words unfamiliar? Do you find the sentences or paragraphs long and complex? Whatever the problem, don't be afraid to speak up. Most insurance companies make a conscious effort to provide plain language policies. By making your needs known, you help the industry in their efforts.

Renewing your policy

When it's time to renew your policy, decide if you need any changes in your coverage. Consider new belongings and recent home improvements.

If you have not been pleased with your agent, insurance company, or the coverage offered by the company, you may want to shop around at renewal time. Remember that the lowest price may not provide the best product. Consider the coverage offered and the quality of service.

Alberta Consumer and Corporate Affairs

Calgary 297-5700
301 Centre 70
7015 Macleod Trail South
Box 5880, Postal Station A
Calgary, Alberta
T2H 2M9

Camrose 679-1733
Aspen Business Park
4911-47 Street
Camrose, Alberta
T4V 1J9

Edmonton 427-5782
3rd Floor, Capilano Centre
9945-50 Street
Edmonton, Alberta
T6A 0L4
and

126 Pacific Rim Mall
9700-105 Avenue
Box 10
Edmonton, Alberta
T5H 4J1

Fort McMurray 743-7231
Provincial Building
5th Floor, West Tower
9915 Franklin Avenue
Fort McMurray, Alberta
T9H 2K4

Grande Prairie 538-5400
Provincial Building
10320-99 Street
Box 7
Grande Prairie, Alberta
T8V 6J4

Lethbridge 381-5360
300 Professional Building
740-4 Avenue South
Bag Service 3014
Lethbridge, Alberta
T1J 4C7

Medicine Hat 529-3535
Provincial Building
346-3 Street SE
Medicine Hat, Alberta
T1A 0G7

Peace River 624-6214
Provincial Building
9621-96 Avenue
Bag 900, Box 9
Peace River, Alberta
T8S 1T4

Red Deer 340-5241
Provincial Building
4920-51 Street
Red Deer, Alberta
T4N 6K8



tips

A Guide to Insurance Claims: Property and Auto

January 1991

Even the most careful driver or homeowner may at some time have to make a claim on an insurance policy. This tipsheet describes:

- How to make a proper insurance claim so you'll be compensated quickly and without fuss
- How claims are settled
- How a disagreement between you and your insurance company can be handled
- What a liability claim is all about
- Who to contact about insurance-related complaints
- Tell the adjuster about additional claims you've discovered since submitting your first report.
- Request a *Proof of Loss* form from your insurance company. This form is to be given to you on request, or within 60 days from the time you notify the insurance company of your claim.
- File a complete and honest claim. If you add items that don't exist to a list of stolen property, or inflate the cost of an item, you might not receive any compensation for your loss, and your policy could be cancelled. You might also be charged with a criminal offence.

When you make a claim

- Gather the information about your loss. Refer to the box, *What Your Insurance Company Needs*.
- Protect your property from further damage. This is your responsibility under the policy. The insurance company may not pay to repair any further damage to your property if you fail to protect it. Your insurance company usually pays all reasonable expenses to protect your property. For example, part of your living room is damaged in a small house fire. To protect your property from further damage, place plastic sheets over the broken windows. Cover the hole in the roof. You may want to remove valuable articles and keep them at a relative's or neighbor's home until the repairs are made and your house is once more secure.
- Notify your insurance agent or insurance company as soon as possible. If your contact is by telephone, follow up with a letter outlining the details of your claim. The insurance company will appoint a claims adjuster who will contact you.

How your claim is settled

- Your insurance company assigns a claims adjuster to investigate the claim. The adjuster may be a company employee or an independent adjuster.
- The insurance company pays for your loss, minus your *deductible*. The deductible is the amount of money you agreed to pay towards your loss when you bought your insurance. Regardless of who is at fault, you must pay your deductible when settling a claim with your own insurance company.
- If your claim is valid, your insurance company must settle it within the time limits stated in your policy. You will then be asked to sign a *Proof of Loss* form. This form frees the insurance company from further responsibility, so be sure to read it carefully. Do not sign if you are not satisfied that the insurance company has met its obligations. You may wish to obtain legal advice before signing.



What your insurance company needs

▼ For motor vehicle claims

- Name, address, and telephone number of the other driver
- Name of the other driver's insurance company and the driver's policy number
- Licence number, make, and year of the other vehicle
- A description or sketch of the accident scene
- Name, addresses, and telephone numbers of any witnesses

Call the police to the scene of the accident if anyone has been injured, if the combined vehicle damage is more than \$1000 (effective January 1, 1991), or if one of the drivers has committed an offence. If the police aren't called, it's a good idea to file a report at the police station so that details of the accident are recorded.

▼ For property claims

- A list of stolen or damaged property
- Notification that losses due to theft or burglary have been reported to the police

If there is a dispute

A procedure called *appraisal* is used to settle disagreements between consumers and their insurance companies. To start this process, tell your insurance company in writing that you want to go to appraisal. This is the process that will be followed:

- Each party hires an appraiser.
- The two appraisers discuss the disputed settlement.
- If they can't agree on a settlement, the appraisers appoint an umpire.
- The appraisers submit their differences to the umpire. When any two of the three agree in writing, the matter is settled. You pay your

appraiser. The insurance company pays its appraiser. Each pays half of the umpire's fees.

Liability claims can occur

Suppose a messenger slips on your icy walk and sprains an ankle, or you accidentally injure a pedestrian with your half-ton pickup. If you are responsible for loss or injury to these people, they may seek compensation from you. This is called a *liability claim*. It is made when someone demands compensation for injury or property damage caused by someone who did not take reasonable care.

The term *third party liability claim* is often used. You are the *first party* to the insurance contract. The *second party* is your insurance company. The *third party* is the person who suffered injury or property damage, and is making a claim against you.

▼ Why you need liability coverage

Both property and auto insurance policies contain liability protection.

- **Comprehensive personal liability coverage**, as it is called in property insurance policies, protects you if someone is injured on your premises, or if you damage someone else's property.
- **Third party liability coverage** in automobile insurance policies protects you if you injure someone or damage someone's property with your vehicle. The Insurance Act requires a minimum of \$200,000 liability coverage for each vehicle you own or operate.

In both cases, your insurance company will settle the claim, or pay the cost of your legal defence. The chance of anyone filing a liability claim against you may be low, but such a claim, if proven, could cripple you financially. Be sure you are adequately protected.

▼ Facing a liability claim

If someone believes that you are responsible for their injury or property damage, they may make a liability claim against you. Here is what you should do:

- Tell your insurance company immediately about an accident. Claims must be submitted within certain time limits.



- Do not admit that you are responsible, or settle claims on your own. By doing so, you, rather than your insurance company, may have to pay the other person's claim.

Your insurance company will assign a claims adjuster and try to decide who is at fault.

▼ Making a liability claim

If you want to make a liability claim against someone who was responsible for your personal injury or property damage, here is what to do:

- Proceed as you would for other claims. See the section *When You Make a Claim*.
- Find out which insurance company represents the person who appears to have caused you loss or damage. Talk to a company representative.
- Follow up your first contact with a written claim to the other person's insurance company.
- Provide medical reports or repair and replacement estimates.

The other insurance company may make you a settlement offer on condition that you sign a release form. Carefully study this form, which frees the insurance company from further responsibility. You are legally responsible for what you sign, so be sure you understand and agree with the terms of the form before you sign. This is especially important if the settlement concerns compensation for injuries.

You may wish to obtain legal advice before making a liability claim, or signing a release form.

If you have a complaint

If you have a complaint about an insurance claim, first talk to your agent or adjuster. If they do not handle the matter to your satisfaction, seek further help.

Alberta Insurance Council
350, 10055 – 106 Street
Edmonton, Alberta
T5J 2Y2
421-4148

- Licenses all insurance agents, brokers, and adjusters in Alberta
- Handles complaints about the conduct of agents, brokers, and adjusters

Insurance Brokers' Association of Alberta

701, 10109 – 106 Street
Edmonton, Alberta
T5J 3L7

424-3320 in Edmonton, or toll-free 1-800-232-7300

- Handles complaints about member brokers and agents

The Insurance Bureau of Canada

1105, 10080 Jasper Avenue
Edmonton, Alberta
T5J 1V9

423-2212 in Edmonton, or toll-free 1-800-232-7275

- Provides various insurance pamphlets on request
- Handles complaints about member insurance companies

Alberta Consumer and Corporate Affairs

- Handles complaints about insurance companies

General insurance advice

▼ Keep a list of your belongings

Making an insurance claim will be easier if you keep a list of your belongings.

- Keep this list up to date.
- Record major purchases. Keep sales receipts.
- Keep two copies of the list, one for yourself and one for your insurance agent.
- Etch a number on possessions such as cameras and stereos. Kits are available from police departments. Photographs and videos are also a good means of identification.
- Keep your list in a safe place *away from your residence*.

▼ Consider your insurance needs

People often don't think carefully about their insurance needs until they suffer a loss. Then, when it's too late, they discover they don't have the protection they need. Don't let this happen to you.

▼ Understand how settlement amounts are determined

The amount that an insurance company pays for a loss depends on whether compensation is based on actual cash value, replacement cost, or stated



value. Determine which type of compensation is best for your situation. Make sure that it is stated in your policy.

- **Actual cash value** is based on the current cost of the insured item, minus depreciation for each year since the item was new. Depreciation refers to wear and tear, meaning that an item is worth less as the years go by. Actual cash value is the most common method for calculating the amount of a settlement, so it's important to understand how it works. Suppose a refrigerator purchased 12 years ago for \$500 now costs \$1,200 to buy new. Under an actual cash value settlement, you would only receive about \$225 — the \$1,200 current cost of the refrigerator, minus 12 years' depreciation.
- **Replacement cost** compensates you for your loss at today's price. For this type of coverage, you must actually replace the article. For example, suppose your refrigerator is destroyed in a kitchen fire. You paid \$500 for it 12 years ago. A new refrigerator of the same make may cost \$1,200 today. Replacement cost coverage pays the cost of a new refrigerator with features similar to the previous model. Be prepared to show your receipt for the new model to the claims adjuster. Replacement value coverage is not normally available for most vehicles, although some insurers do offer this protection on new vehicles. You'll have to pay extra.
- **Stated value**, under the Valued Automobile Endorsement, provides compensation for your loss based on the item's appraised value. The appraised value is established at the time you buy the policy. For example, suppose you have

an antique car. It is appraised at \$10,000. If your car is totally destroyed, your insurance company will pay you \$10,000, no more, no less.

▼ Know the limits of your coverage

Most homeowner policies limit coverage for such items as jewellery, furs, and other personal property. Check the amount of protection in your policy. If you have items that are worth more than the specified limit, or rare items such as antiques, art works, or jewellery, ask your agent to arrange for special coverage. These items increase in value, so check your policy annually to make sure you have enough protection.

▼ Know that claims can affect your premiums

Insurance claims and driving convictions can increase your auto policy premiums. They might even result in your insurance company cancelling your policy or refusing to renew it. Once this happens, other companies may not want to insure you.

Similarly, claims against your homeowner's or tenant's policy can also affect the cost of premiums. They may make it difficult to find an insurance company that is willing to insure your property.

Try to avoid claims: lock doors, use deadbolts, fireproof your home, keep your car locked, put stereo equipment and radar detectors out of sight.

▼ For more information

Contact one of the offices listed below and ask for the tipsheet *Collision Repairs and Insurance*.

Alberta Consumer and Corporate Affairs

Calgary 297-5700
301 Centre 70
7015 Macleod Trail South
Box 5880, Postal Station A
Calgary, Alberta
T2H 2M9

Camrose 679-1733
Aspen Business Park
4911-47 Street
Camrose, Alberta
T4V 1J9

Edmonton 427-5782
3rd Floor, Capilano Centre
9945-50 Street
Edmonton, Alberta
T6A 0L4
and

126 Pacific Rim Mall
9700-105 Avenue
Box 10
Edmonton, Alberta
T5H 4J1

Fort McMurray 743-7231
Provincial Building
5th Floor, West Tower
9915 Franklin Avenue
Fort McMurray, Alberta
T9H 2K4

Grande Prairie 538-5400
Provincial Building
10320-99 Street
Box 7
Grande Prairie, Alberta
T8V 6J4

Lethbridge 381-5360
300 Professional Building
740-4 Avenue South
Bag Service 3014
Lethbridge, Alberta
T1J 4C7

Medicine Hat 529-3535
Provincial Building
346-3 Street SE
Medicine Hat, Alberta
T1A 0G7

Peace River 624-6214
Provincial Building
9621-96 Avenue
Bag 900, Box 9
Peace River, Alberta
T8S 1T4

Red Deer 340-5241
Provincial Building
4920-51 Street
Red Deer, Alberta
T4N 6K8



Tips

Buying Time-shares and Other Real Estate Outside Alberta

January 1991

Buying a permanent retreat in such places as British Columbia, Hawaii, the U.S. sunbelt, or Europe appeals to many Albertans. Often they purchase time-share property, where several people own or lease the property, and share the cost.

Special care is needed when you buy time-shares or other real estate outside Alberta. In this tipsheet, you'll find out:

- What time-sharing is all about
- How to decide whether time-sharing is for you
- What to look for in time-share property
- How to avoid scams when you buy out-of-province real estate
- How you're protected if you buy out-of-province real estate while in Alberta

Buying time-shares

▼ How they work

Time-share properties are subdivided by the owner or developer into individual units, and then sold or leased for a specific time interval each year — usually one or two weeks. Condominiums, recreational vehicle parks, and campgrounds are often time-shared.

Agreements on holiday times at a time-share may vary. You may, for example, have a *fixed time agreement*, which means you must use the time-shared unit at the same time every year. Or you may have a *floating time agreement*. That means your dates for using the unit may change from year to year.

Many time-sharing projects also offer you a chance to join an exchange program with other time-share users around the world. But no

guarantee exists that you'll be able to arrange an exchange at the location and time of year you want. You may have to pay an additional fee to join an exchange network.

▼ Types of time-shares

There are two main types of time-shares:

- **Ownership**, or fee simple, where you buy a partial interest in a property. You might be buying two weeks in a particular condominium unit, for example. Usually you're required to make a down payment and pay the rest in instalments. You also pay annual maintenance fees, taxes, and other costs. Another agreement sets out when you can use the property during the year. You are allowed to sell, rent, or bequeath the property.
- **Non-ownership**, or right-to-use, where you lease a property for a specific period of time over several years. Your time may also be sold, rented, or bequeathed. This is usually less expensive than ownership, but may not have the same resale value. You may not have as much of a voice in the management of the time-share as you would with ownership.

▼ Is time-sharing for you?

If you enjoy vacationing at the same place each year, you may find time-sharing an attractive option. Time-sharing, however, is a major investment that should be considered carefully. Think about:

- **What Kind of Vacation Do You Want?** Do you really want to take your vacation at the same place and the same time every year? Experts

warn against buying a time-share for exchange privileges, or for potential investment value.

- **Can You Afford a Time-Share?** Although time-sharing is often advertised as a less expensive way to holiday, this may not be true. You'll have to pay for the unit whether or not you use it. Also consider that travel and maintenance costs will likely rise. A good rule of thumb is that the cost to buy a unit should not be more than 10 times the going rate for a comparable time period in a hotel. In a lease agreement, divide the sales price by the number of years in the agreement. Is this amount less than the cost of similar rental accommodation?

▼ What to watch out for

High-pressure sales techniques are often used to sell time-shares. For example, you may be offered a "free" holiday certificate, prize, or gift to inspect a development. You may find, however, that the camera you've been offered is worth only a few dollars, or the fur coat you'd dreamed of is actually rabbit.

You may be approached by a salesperson while on holiday, when you may feel more carefree about your spending. Guard against impulse buying. If you buy out-of-province property while outside Alberta, your only protection will be the consumer protection agencies or the law courts in the province or state where you make the purchase.

▼ Shopping for a time-share

Convinced that time-sharing is for you? Be sure to thoroughly inspect the unit yourself before buying.

Read the prospectus carefully. Refer to the sections, *Buying Out of Province Real Estate while in Alberta* and *What to Look for in a Prospectus*.

Ensure that the developer has a good record, especially if the transaction takes place outside Alberta. Inquire at the provincial or state consumer protection office about regulations governing time-sharing, and whether problems have been reported. The local Better Business Bureau may also provide reliability reports on developers.

Get assurances that the time-share will be well-managed in the long term. If the property is poorly

managed and goes into receivership, for example, you could be forced to give up the title on your unit for a fixed purchase price.

If you are financing the construction of a development, what assurances do you have that you'll receive title after you've made your payments? You may want to hire a lawyer.

The prospectus, the developer, or the complex manager should provide the information you need to answer these questions:

- Can you live with the by-laws?
- What does the insurance policy cover? Is there an interruption clause that gives you compensation if damages, such as those resulting from a fire, prevent you from using the unit?
- Is there money put away in trust for emergencies such as buying a new furnace, or repairing leaky pipes? How much are maintenance costs likely to increase to meet future needs?
- Who pays for phones and utilities?
- What arrangements have been made for cost-sharing? This is important because if some of the units remain unsold, your share of the costs may increase.
- What happens if one of your neighbors is late with his payment? Do the other owners have to compensate?

▼ Before you sign

Check all aspects of the agreement before you sign, especially your right to cancel and receive a refund. The contract should answer these questions:

- What type of agreement is it — an ownership or a non-ownership lease?
- What is the duration of the contract? (Remember that "lifetime" contracts may mean little if the property is not well managed.)
- Can you transfer the title of the time-share, or does it go back to the developer if you choose to leave?
- Can you sell the time-share yourself, or does the developer have this exclusive right?
- What is the yearly maintenance fee? If it's not listed, will you be charged for additional costs each year?
- Is there a cooling-off period, or option to cancel?

Buying out-of-province real estate while in Alberta

▼ Protection for buyers

If you're a resident of Alberta, and buy out-of-province real estate while in Alberta, you may receive some protection under the Real Estate Agents' Licensing Act. The Act applies to time-sharing units, lots in a subdivision, and condominiums in a project. Developers who offer these types of out-of-province real estate for sale in Alberta must:

- File a prospectus with the Superintendent of Real Estate and receive a certificate of acceptance
- Arrange for all sales to be made by an Alberta real estate agent or salesperson
- Through the agent, provide the buyer with a copy of the Alberta prospectus

Contact Alberta Consumer and Corporate Affairs to confirm that a prospectus has been filed in Alberta and that the agent is licensed in Alberta. If these conditions have not been met, do not make the purchase.

▼ What to look for in a prospectus

- The names and addresses of the vendor (seller) and real estate agent
- A legal description of the property

- Financial statements
- All contracts used in the negotiation and sale of the property
- Places where the agent is permitted to operate
- Background information on the owner
- Warning clauses about the risks involved with a purchase

The Act provides time for you to study the prospectus. If you do not receive the approved prospectus, the contract is unenforceable. Any money you have paid must be returned at your request.

After receiving the prospectus, you have 30 days to cancel the contract for any reason. You are entitled to a refund for any money paid. (**Note that these rights apply only on purchases made in Alberta.**)

For more information

Outside Alberta, check with the provincial or state government consumer protection office. In Alberta, contact Alberta Consumer and Corporate Affairs.

Alberta Consumer and Corporate Affairs

Calgary 297-5700
301 Centre 70
7015 Macleod Trail South
Box 5880, Postal Station A
Calgary, Alberta
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and

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tips

Renting a Mobile Home Site

January 1991

CANADIANA

MAR - 5 1991

Are you the landlord or the tenant of a mobile home site? If so, it makes good sense to become familiar with Alberta's Mobile Home Sites Tenancies Act.

This tipsheet outlines the responsibilities of landlords and tenants under the act. The information here mostly refers to sites in mobile home parks. A *mobile home park* is defined as a parcel of land that includes at least three mobile home sites. Different rules may apply to mobile home sites elsewhere.

One more definition: A *mobile home* is a factory-built, single-family dwelling designed to be transported from the factory to another site. Holiday trailers or vehicles used only for recreation are not covered by the act.

Following an outline of the responsibilities of a landlord and a tenant, information is presented according to what you need to know when you are:

Moving In Page 1
 Living There Page 2 & 3
 Moving Out Page 3 & 4

A landlord's responsibilities

- Give the tenant a copy of any written rental agreement.
- Make sure the mobile home site will be ready for the tenant when the rental agreement takes effect.
- Ensure that the tenant's enjoyment of the site is not disturbed.
- Be sure the site is suitable for a mobile home.
- Keep the common areas in good condition and repair.

- Properly maintain utilities and other facilities.
- Be sure the garbage is removed at reasonable intervals.
- Make sure there is proper access to the site.

A tenant's responsibilities

- Pay the rent on time.
- Be considerate of others tenants.
- Keep the site reasonably clean.
- Prevent damage to the premises.
- Leave the site when the rental agreement ends.

A landlord or tenant who breaks the rental agreement or the act may be taken to court. The outcome may be compensation for the injured party.

Landlords or tenants may be fined up to \$1,000 if they break the section of the act dealing with security deposits, or if they ignore a court order under this act.

Moving in

▼ Shop around for a site

The rules of mobile home parks vary greatly. Some, for example, don't allow more than three children, or will not allow large pets. Check out the rules carefully before you decide on a site. Try to talk to park residents as well. Are they satisfied with the rules? The upkeep? Ask if there is a residents' association which has a say in making up the rules.

▼ Get a written agreement

Before a mobile home site is rented, the landlord and tenant come to an agreement. It may be verbal or written. Getting it in writing is best. This document may be called a rental agreement, a tenant agreement, or a lease. The agreement should say when and where the rent is to be paid.

Be sure you understand the agreement before signing. Ask for an explanation if you don't. Both parties should sign the agreement. Then the landlord must give the tenant a copy of the agreement within 21 days of signing.

▼ Making sense of security deposits

Many landlords will ask for a security deposit (or *damage deposit*) before a new tenant moves onto a site. This deposit protects the landlord from tenants who fail to pay the rent or cause damage. A security deposit cannot be more than one month's rent.

Landlords must pay tenants interest on this deposit annually. The only exception occurs when the landlord and tenant agree in writing to compound the interest annually, and pay the tenant when he moves out. If you paid your landlord the security deposit after March 1, 1987, the minimum interest rate is six percent. Between January 1, 1984 and February 28, 1987, the minimum rate is eight percent.

▼ Problems on moving day?

If the mobile home site isn't ready on the first day of the rental agreement, the tenant may cancel the agreement. Another option is to ask a court to order the landlord to live up to the agreement. Tenants may also sue the landlord for any damages experienced because the premises were not ready on time.

Living there

▼ If a landlord needs to get in

A landlord *usually* needs the tenant's permission to enter a mobile home site. But he can enter *without* permission if he thinks there is an emergency, or that the place has been abandoned by the tenant.

A landlord may also enter without permission in order to:

- Make repairs
- Inspect for damages
- Show the premises to prospective buyers or renters

In these three situations the landlord must give the tenant written notice at least 24 hours before entering. Written notices should be delivered in person or by registered mail. The landlord must say what time he is coming, and try to pick a time that's convenient for the tenant.

▼ When rent goes up

A landlord has the right to increase the rent by any amount. But he must give a tenant in a mobile home park written notice of at least 180 full days. At least 90 days' notice is required for a site outside a mobile home park.

Tenants have two choices. They can agree to pay the rent, or they can move out. Those who decide to move should be sure to give notice well in advance! (See *Moving Out*.)

A rent increase is not usually allowed in a *fixed-term* tenancy. This type of tenancy has a set date for the tenancy to end and the tenant to move out. The only exception occurs when the increase was written into the rental agreement.

▼ Raising fees

Tenants of mobile home sites may have to pay extra fees for keeping a pet, having visitors for more than two weeks, or for many other reasons. If a landlord wants to raise these fees, he must give 180 full days' notice in a mobile home park. Only 90 full days' notice is needed outside a mobile home park.

▼ The rules on changing the rules

A landlord has the right to change the rules in a mobile home park, but he must give reasonable notice.

No notice is needed when the new rules improve the safety of residents, or when they deal with the use of common areas. The landlord, however, must be fair and not greatly change the tenancy

agreement. For example, the landlord may decide to open the laundry room an hour later every morning — but he can't decide to close it permanently.

Sometimes a landlord may decide to convert all the mobile home sites in the park to another use. If that happens, he must give his tenants notice of at least 365 full days.

▼ Subletting your site

In most cases, tenants may sublet their site to another tenant. This may occur when the tenant sells his mobile home, or rents or leases it to another person.

If a tenant sells, rents, or leases his home, the landlord is not owed any commission or fee, except his reasonable expenses.

▼ The 14-day eviction notice

In most cases, a landlord must give a tenant three months' notice to move out. (See *Moving Out*.) "Problem tenants" may cause damage, have loud parties that disrupt other tenants in the park, or show general disregard for park rules. If the situation is serious enough, the landlord has the right to serve notice of eviction, effective within 14 days. This notice must:

- Be in writing
- Say why the notice is being given
- Give the date when the tenancy will end
- Give the tenant 14 days' notice to move out

If a tenant doesn't agree with the reasons given by the landlord, he can give the landlord a letter explaining his objections. This letter makes the eviction notice ineffective. It must be given to the landlord within the 14 days mentioned above.

After the landlord receives this letter, he has the choice of going to court to enforce the eviction — or just dropping the matter. If he goes to court, a judge will hear both the landlord and the tenant before making a decision.

Sometimes an eviction notice may be given because the tenant hasn't paid his rent. The notice to move is no longer effective if the tenant pays all the rent he owes within the 14 days' notice period.

If the reasons for ending the tenancy are serious enough, and do not involve the failure to pay rent, a

landlord may apply directly to the court to end the tenancy. He doesn't have to give the tenant notice first.

Moving out

▼ The need for notice

Tenants may eventually decide to move elsewhere, or a landlord, for whatever reason, may decide to end the tenancy. Whether you're a landlord or tenant, be sure your "notice to terminate" is in writing. It must include:

- Address of the site
- The date the tenancy is to end
- Signature of the person giving the notice

The amount of notice needed to end a rental agreement varies, depending on:

- Whether the site is in a mobile park
- Whether the landlord or the tenant is giving notice
- The length of the tenancy period
- Whether the rental accommodation is provided by an employer

A *tenancy period* usually begins on the day rent is due and ends the day before the next rent is due, unless the landlord and tenant have made other arrangements. For example, they may agree to a year-to-year tenancy, with rent paid once a month.

An example: Ted lives in a mobile home park. He has a month-to-month tenancy period that begins on the first day of the month and ends on the last day of the month. He decides to move out June 30. Ted must give his landlord notice before May 1. If he waits longer, he won't give *two full tenancy months' notice*. He could end up paying for an *extra month's rent*!

If Ted's landlord wanted him to move out by June 30, the landlord would have to give notice before January 1. (That would provide notice of six full tenancy months.)

See the box, *How Much Notice Must I Give?*

If a landlord sells a site, the new landlord must give tenants proper notice to terminate.

If tenants won't leave the site when the tenancy agreement ends, a landlord can get an official order to force the tenant out.



▼ What if the rented mobile home is provided by an employer?

Sometimes employers provide rental accommodation for their employees. When the employment ends, the landlord or tenant must give notice to the other about moving out.

The amount of notice to move must be the *longest period* allowed by one of the following guidelines:

- A period of time equal to the amount of notice to end the employment that is required by law for the type of work involved, or
- A period of time equal to the amount of notice to end the employment that the employer and employee (the tenant) agree to, or
- 30 days

▼ Giving notice

The way you deliver written notices is very important. You can deliver them personally, or by registered or certified mail. If the mail is used, the landlord should send the notice to the address of the site rented by the tenant. A tenant should send the notice to the address where the rent is paid.

Sometimes tenants make it impossible for a landlord to serve notice by these methods. Then the landlord has two options. He can give the notice to

any adult who lives with the tenant. Or he can place the notice in plain view on the mobile home site.

▼ Cleaning up and clearing out

When tenants leave goods behind, landlords may dispose of them under certain conditions. For example, a landlord has the immediate right to get rid of goods left by a tenant if they are worth less than \$300. Otherwise he must store them for 60 days.

Other rules may apply. Check the section of the act which outlines how landlords are to deal with abandoned goods.

▼ Returning the deposit

When a tenant moves away, he has a right to get back his full security deposit if no damage has been done to the site, beyond normal wear and tear — and if the rent is all paid up. Otherwise, the landlord may keep part or all of the security deposit to cover these costs.

If there are no deductions for rent arrears or for cleaning and repairs, the landlord must pay the tenant his deposit and interest within 10 days after the tenant has moved out. If there are deductions, the landlord must do one of two things within 10 days of the move:

How Much Notice Must I Give?

Site Location	Tenancy Period	Notice Needed to be Given	
		By Landlord	By Tenant
mobile home park	month to month	*six full tenancy months	*two full tenancy months
mobile home park	year to year	180 days	80 days
outside mobile home park	month to month	three full tenancy months	one full tenancy month
outside mobile home park	year to year	180 days	60 days

***Exception:** If, as a landlord, you give notice to a tenant who has been on the site for six months or less, the tenant does not have to move out until after 12 months.

***Exception:** If, as a tenant, you give your landlord notice that you intend to move out within the first two months of renting the site, you are still required to pay rent until the end of the fourth month of your tenancy.



1. Return the balance of the deposit with a statement of account listing the damages and the cost of repairing them.
2. Give an estimate of the deductions to be made.

The tenant must receive a final statement and any remaining money from the deposit within 30 days after he has moved out.

▼ If a mobile home is abandoned

A landlord who thinks a tenant has abandoned a mobile home may apply for a court order to sell or remove it from his property. Check the act, and consider seeking legal advice before taking action.

For more information

This tipsheet is only a brief explanation of some of the terms of the Mobile Home Sites Tenancies Act. Consult the act itself or ask for explanations from the sources listed here. You can purchase a copy of the act from the Alberta Public Affairs Bureau, or a Landlord and Tenant Advisory Board office.

▼ Alberta Public Affairs Bureau, Publication Services

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Main Floor, McDougall Centre
455 - 6th Street SW
Calgary, Alberta
(Walk-in service only)

Edmonton 427-4952
Queen's Printer Building
11510 Kingsway Avenue
Edmonton, Alberta T5G 2Y5

▼ Landlord and Tenant Advisory Boards

Banff 762-4511
c/o Community Resource Centre
102 Spray Avenue
YWCA, Box 520
Banff, Alberta T0L 0C0

Calgary 268-4656
Plaza Level, Municipal Building
800 Macleod Trail SE
Box 2100, Station M
Calgary, Alberta T2P 2M5

Canmore 678-5597
c/o Family & Community Support Services
Box 460
Canmore, Alberta T0L 0M0

Edmonton 428-2525
Musial Building
10237 - 98 Street
Edmonton, Alberta T5J 0M7

Fort McMurray 743-5000
c/o Community Information and
Volunteer Centre
19, 9601 Franklin Avenue
Fort McMurray, Alberta T9H 2J8

Lethbridge 320-3849
Mailing address:
910 - 4 Avenue S
Lethbridge, Alberta T1J 0P6
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3rd Floor
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tips

Collision Repairs and Insurance

January 1991

CANADIANA

MAR 12 1991

If you've been involved in a motor vehicle accident, it is important for you to be aware of your rights and responsibilities. In this publication you will find information about:

- Noting details related to the accident
- Dealing with your insurance company
- Choosing a body shop
- Getting a cost estimate for repairs
- Getting your car repaired and paying the bill
- Dealing with the other driver's insurance company

At the scene of the accident

- Call the police if anyone has been injured, if the combined vehicle damage is more than \$1000 (effective January 1, 1991), or if one of the drivers has committed an offence.
- Write down the name, address, insurance company, policy number, and driver's licence number of the other driver. If the driver does not own the car, ask for information on the registered owner.
- Get the licence number, make, model and year of the other car.
- If the police come to the scene, ask for a copy of their report, or the file number they have assigned to it.
- Get the names and addresses of any witnesses.
- Write down your description of the accident, while the details are still fresh in your mind.

What to do next

- If the police have not come to the scene, it is still a good idea to report the accident. That way, if any of the facts are questioned later, the details of the accident will be on record. Go to the police station as soon as possible to make a report. Note the file number the police have assigned to it.
- Regardless of which driver was at fault, call your insurance company or agent. You will be asked by an insurance adjuster to give an accident report.

Choosing a body shop

You have the right to have your car repaired at the body shop of your choice. When you select a shop, the responsibility for a satisfactory repair job rests, finally, with you. So, it is in your best interests to shop carefully for a body shop.

Look for a shop that has a reputation for doing good work. Check with friends, co-workers, and/or the Better Business Bureau, the Motor Dealers Association, or the Automotive Service and Repair Association.

If the repair staff have journeyman certificates, that is one indication of their level of competence. Their equipment should be up-to-date and in good condition. Be aware that specialized equipment is needed to repair later model cars (i.e. 1980 and newer).

Once you've chosen a shop, notify the insurance company.



The estimate

It is your right to expect that the repairs carried out as a result of your insurance claim will return your car to its pre-accident condition. However, before your car can be repaired, you and your insurance company need to know how much the repairs will cost.

An estimate of costs should specify:

- What repairs are being done
- Whether parts are being repaired or replaced
- Whether new or second-hand parts are being used
- Whether parts from the original manufacturer or generic parts are being used. (If the body shop plans to use generic parts, compare the warranty provided to that offered on parts from the original manufacturer.)

There are two ways to obtain an estimate.

1. Your insurance company may initially assess the damages to your car and estimate the cost to repair them. If your car is driveable, take it and a copy of the insurance company's appraisal to the repair shop of your choice. If the car is not driveable and/or it was towed from the accident scene, contact your insurance company so that suitable arrangements can be made.
2. Or, you may get an estimate from the body shop you have chosen.

Only one estimate is required. However, you may decide to get more than one, in order to compare prices and opinions about the extent of repairs. If you do get a second estimate and it's different, find out why. Be aware that the lowest price isn't always the best deal.

The insurance company may accept the repair shop's estimate of the damage, or may want to appraise the vehicle. The company has the right to inspect the damages to your car. Because the quality and extent of the repairs will affect the value of your car, you may wish to be present if the insurance appraiser meets with the body shop manager to discuss the repair job.

If you are claiming from your own insurance company, ask the company for a *Proof of Loss* form. Complete, sign, and return the form to the company as soon as possible to avoid delay in settling your claim.

The insurance company has the legal option to repair or replace your car. If the company takes this option, it must give you written notice within seven days after receiving your Proof of Loss form. In this case, the company is responsible for ensuring the quality of either the repairs or the replacement.

If you and your insurance company disagree

If the amount of damage to your car is being disputed or other disagreements arise over your car's repair, and all attempts to negotiate have failed, a formal arbitration process is open to you. The process is known as "Appraisal."

If you choose to follow this procedure, you will be responsible for your share of the cost involved.

To start the Appraisal procedure, send a written request to your insurance company. If you haven't already submitted a Proof of Loss form, do so right away.

A three-member group will resolve the dispute. You choose an appraiser, the insurance company chooses one, and the two appraisers appoint an umpire. An appraiser can be anyone either party considers to be qualified to present its side of the dispute. Each side pays for its own appraiser and half the cost of the umpire. The decision of any two of these persons is binding.

Getting the car repaired

After the insurance company has approved your claim, take your car to the body shop you have chosen. The shop will ask you to sign a work order authorizing the repairs. Make sure it specifies all the details outlined in the estimate. Any changes or additions to the job and the related costs should be written on the work order. Your signature on the work order means that you are ultimately responsible for the invoiced costs.

Once the repairs are done, check them over. You may decide to have an independent party look at them. If you are not satisfied with the repairs, discuss the problem with the body shop manager. If the problem isn't resolved, notify your insurance company.



There are several methods of paying the bill. You are responsible for paying the amount of the deductible, as noted in your insurance contract. The insurance company may forward to you the rest of the money to pay the body shop. Or the insurance company may pay the shop directly. A third possibility is the insurance company may send a cheque jointly payable to you and the body shop.

Once the shop has been paid, or when the insurance company has confirmed it will pay on your behalf, you can take your car home.

Dealing with the other driver's insurance company

If the other driver caused the accident, you have two options:

1. You may claim under your own collision coverage, if you carry it. Your company will pay your claims, then deal with the other insurance company. Ask if your rates will be affected if you claim on your own policy. With this option, you may have to pay your deductible up front, but you can attempt to recover it from the other insurance company or the other driver. When you claim on your own policy, the Appraisal process is open to you.
2. You may claim directly against the other driver through his or her insurance company. If you wish to do this, notify that company after calling your own insurance company. Many of the steps listed above still apply. You select a body shop and obtain an estimate, but your dealings are with the other company. However, if you choose this option, the provision for formal Appraisal does not apply.

The other driver's insurance company may ask you to sign a release form before paying you or the body shop you have chosen. When you sign a release form, you discharge the other person and his or her insurance company from any further liability to you. It is a final payment. Read the form carefully to make sure that you are releasing only the claims for which you have settled. If your claim has not been finalized with regard to personal injuries you suffered in the accident, make sure the form does not release liability for your injury. You might want to consult a lawyer.

If the other driver refuses to file a report with his or her insurance company, the company may deny your claim unless you sue the driver in court and get a judgement.

For more information

If you have other questions about collision repairs, speak directly to the manager of the body shop you have chosen. For more information about insurance matters, speak with your insurance agent or company. If you need further help, contact the nearest office of Alberta Consumer and Corporate Affairs.

This tipsheet was developed in partnership with the Automotive Service and Repair Association and the Insurance Bureau of Canada.

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Tips

Buying a Condominium

January 1991

Before you buy a condominium, you should be aware of the important differences between this kind of housing and conventional homes. This tipsheet will help you to avoid common condominium pitfalls. Read on to find out:

- What condominium ownership is all about
- What laws cover condominiums
- The cost of condominium ownership
- What to watch for when buying a new or existing condominium

What exactly is a condominium?

When you buy a condominium, you usually buy a single unit within a multiple-unit building — much like an apartment within an apartment building. A residential condominium unit can be in a high-rise, a walk-up, a duplex or a townhouse.

As the owner of a unit, you also become the partial owner of the condominium's "common property." This includes space and facilities outside the dwelling units, such as hallways, elevators, heating and electrical systems, laundry rooms, and landscaped areas. You agree to share the expense and responsibility for this common property with other unit owners.

Condominiums are administered by a condominium corporation. A board of managers, made up of elected unit owners, governs the condominium corporation and determines the bylaws.

When you purchase a condominium unit, you agree to follow the corporation's bylaws. Bylaws vary greatly between condominiums. Some, for

example, may not allow children or pets to live in the building.

The Condominium Property Act outlines how condominiums must be managed and operated in Alberta. The Act covers:

- The division of responsibilities between the board of managers and the unit owners
- Budget and financial matters
- Assessment and taxation
- Management, rental, and insurance
- Requirements for annual general meetings and board meetings

What you own, what you share

▼ Your unit

You will own and be responsible for the maintenance, repair, and remodelling of the interior of your unit. Before you begin any remodelling, check with the board of managers. If the common property is affected, you will need the board's approval.

▼ Defined use areas

Certain areas outside your dwelling unit, such as a balcony, backyard or parking space, may be considered common property. You may or may not be entitled to exclusive use of these areas.

Find out if you're responsible for maintaining these outside areas. What improvements are you allowed to make? If you have any questions, check with the board of managers before you buy.



▼ Unit factors

Before you make an offer to purchase, be sure you know exactly what is included in the unit, and what is considered common property. This information is contained in the *Condominium Plan*. (See the next section.)

The fees that you will pay as a condominium owner and the voting rights you will be entitled to are based on your *unit factor*. This factor usually reflects the size of your unit and its location in the building. More expensive units usually have a higher condominium fee.

Consider the condo plan

The *Condominium Plan* is probably the most important document to check when purchasing a condominium. For a project to be legally considered a condominium, a condominium plan must be registered at the Land Titles Office. You can obtain a copy for a fee. *Be sure you read and understand the plan before you buy!* The plan will give you the following information:

- A description of the unit, the condominium development, and their locations
- What is owned by each purchaser and what is considered common property
- The legal name of the corporation
- What defined exclusive use areas, such as backyards and balconies, may be leased to the owners
- The unit factor for each condominium unit

When you pick up the plan, also get a copy of the *Additional Plan Sheet* from the Land Titles Office. It should give the following information:

- The names and addresses of the current board members
- The current address where documents are to be delivered to the condominium corporation
- Any changes to the condominium bylaws
- Any charges or legal claims against the common property of the condominium corporation

You should also get a copy of the condominium corporation's bylaws, plus changes to them in the *Additional Plan Sheet*. The bylaws must be registered at The Land Titles Office to be

enforceable. It is important to understand these bylaws because you are bound by them when you buy a condominium unit.

Financing a condo

A condominium unit is financed the same way you would finance a conventional house. You'll probably get a mortgage through a financial institution, and make a monthly payment of principal and interest.

You might want to find out if there is a "blanket mortgage" on the condominium development, and how that may affect the payout of your mortgage. Seek legal advice for a complete explanation of a blanket mortgage and how it might affect you as an owner.

Counting up condo costs

▼ Taxes

You will pay municipal taxes on your condominium unit. The taxes should be noted on the real estate listing agreement. It's a good idea to double check with the municipal government to confirm the taxes.

▼ Insurance

Insurance on the entire condominium development is the responsibility of the condominium corporation. The corporation should place "all risks" property insurance coverage on the units and the common property. Consider checking the policy for exclusions. You may want to find out if the insurance covers the replacement cost of the units and the common property. Your portion of the cost of the insurance purchased by the condominium corporation is usually included in your monthly condominium fees. Check this with the condominium corporation.

You will probably need to buy your own insurance on improvements made to your unit. You should also have insurance to cover personal liability and the contents of your unit. Ask your agent for more information.

▼ Condominium fees

You'll pay a yearly or a monthly condominium fee. This money is used for administration costs and for the maintenance, repair, and replacement of common property. Fees are set by the board, based on budgeted needs and your unit factor. Most condominium fees must be paid monthly. If you are purchasing a new unit, make sure that the current condominium fee is stated in your purchase agreement. Be aware that condominium fees can and do go up!

Condominium corporations can place liens against a unit's title if fees are not paid. You could be responsible for the unpaid fees, and could lose your title, if the corporation takes foreclosure action to collect them. Before you buy a condo unit, get an *Estoppel Certificate* from the board of managers, or through your real estate agent, or lawyer. This certificate will show if the current owner owes any condo fees.

Ask about the reserve fund

What happens when a condominium needs a new roof or other major repairs on common property?

The condominium corporation should have a reserve fund to meet such expenses. A reserve fund is especially important if you are buying an older unit or a former rental property. (Condominium corporations created after May 16, 1978, may be required by their bylaws to have a capital replacement reserve fund.) Find out the answers to the following questions before you buy:

- How much money is in the reserve fund?
- How much of the condominium fee goes to the reserve fund?
- What major expenses, if any, are being considered?
- Are the projected replacement costs adequate?
- Were projected replacement costs calculated by a professional?

If you buy from a developer

The purchase agreement must include a description, drawing, or photograph showing:

- The interior finishing of all common property within the building, and all major improvements
 - Recreational facilities and other special features
 - Maintenance equipment for common property
- The purchase agreement must also describe:
- The unit factor and what it is based on
 - The condominium fee (or an estimate)

The Condominium Property Act says that when you purchase a unit in a condominium not yet completed, the developer has certain responsibilities. He must hold your funds in trust until construction is substantially completed. He must give you the title document before taking the money out of the trust fund.

You should make your own arrangements to confirm that your down payment will be held in trust. You might have this requirement written into your purchase agreement.

If the development is covered by the New Home Warranty Program of Alberta, different rules apply. For information, contact the New Home Warranty Program of Alberta. (See *For More Information*.)

If you want to cancel

If you are buying a new unit from a developer, the Condominium Property Act offers some extra protection. It allows you to cancel your purchase agreement within 10 days from the date you signed it. You are entitled to a full refund.

The 10-day cancellation period may not apply, however, if the developer gives you all the required documents 10 or more days before you sign the purchase agreement. (See the box *Document Checklist*.)

Purchasing a previously owned condominium

When you buy a previously owned condominium, you are not protected by the disclosure and trust provisions of the Condominium Property Act. It is up to you to get the necessary documents and information. You may want to seek legal advice.



Document checklist

Whether you purchase your condominium from the developer or from someone else, you should obtain these documents. The seller, the Land Titles Office, or your lawyer may be able to assist you.

- ✓ The purchase agreement
- ✓ The bylaws or proposed bylaws
- ✓ Any management agreement
- ✓ Certificate of insurance
- ✓ A copy of the lease if the land has been leased to the developer
- ✓ Certificate of title for the unit
- ✓ Any mortgage documents
- ✓ The condominium plan
- ✓ Any lease or other agreement on the use of recreational facilities by outside organizations

The Estoppel Certificate

Study a copy of the *Estoppel Certificate* before purchasing a condominium unit. (See page 3, *Condominium Fees*.) The *Estoppel Certificate* will include the following information:

- Unit fee for the condominium
- A statement of unpaid condominium fees on the unit
- Details of any management and lease agreements on common property
- The amount of insurance on development
- Whether the corporation has received notice of any legal action or claim against the common property
- Details of any leases on common property
- Details of general meetings, and the date of the next one
- The balance in the reserve fund
- Names of the corporation's board of managers

The condominium corporation must provide you with the information listed under the *Estoppel*

Certificate within 20 days of your written request. It must also provide the following information within 20 days:

- The bylaws
- Details of any written demand made upon the corporation for \$5,000 or more
- A copy of the corporation's current budget
- A copy of the most recent financial statement
- A copy of any minutes of general meetings of the corporation, and meetings of the board of managers
- Details of any management and recreational agreements

Condo buyer beware!

Be sure you have answers to these questions before you buy:

- What is the history of the development? For example, are there any persistent problems with the plumbing or other utilities?
- If you are buying from a developer, what work remains to be done on the condominium development? Do you have an assurance that it will be completed by a certain date?
- Is there an operating surplus or deficit?
- Do you have a recently-audited financial statement, a current budget, and evidence of adequate insurance coverage?
- Does the common property appear to be well-maintained and managed?
- Have any transactions taken place affecting the common property such as transfers, leases, or re-division of the units?
- Are the recreational facilities owned by the unit owners as common property, or are they leased by the condominium corporation? If they are owned, are they used by anyone besides the unit owners? If they are leased, what are the terms?
- Are there enough units to support the cost of repairs and maintenance of common areas?
- How many of the units are unoccupied? Rented?
- Are you personally responsible for any maintenance duties?
- Are there any restrictions in the bylaws?

What you should know about condominium living

▼ How condominiums are run

If you're thinking about buying a condominium, you should know how they are run. Unit owners may be elected to the condominium corporation's board of managers. The board is responsible for:

- Enforcing the bylaws
 - Managing, administering, maintaining, and operating the common property
 - Arranging insurance, setting condominium fees, and dealing with financial administration
- Duties of the officers of the board include:
- Obtaining all documents and materials from the developer as required by the Condominium Property Act
 - Deciding how the condominium is to be managed
 - Hiring and supervising maintenance personnel
 - Controlling the management company (if the corporation has hired one to run the condominium development)
 - Reviewing and updating bylaws
 - Making exterior repairs or improvements
 - Setting aside an adequate reserve fund for major repairs and maintenance

▼ Your rights and responsibilities

As a unit owner, your rights and responsibilities include:

- The right to vote in matters concerning the condominium
- The right of access to common areas, subject to the bylaws
- The responsibility to participate in governing the condominium
- The responsibility to maintain your own unit

▼ If there are problems

A person who fails to comply with the Condominium Property Act may be guilty of an offence and be liable to a fine. If a corporation fails

to comply with the Act, each member of the board may be also be liable to a fine. You and the other unit owners are usually responsible for the cost and enforcement of your rights and those of the corporation.

The corporation may sometimes take action against an owner, tenant, or other person residing in a unit if a bylaw has been violated. Check the Act and bylaws for more information.

For more information

Copies of the Condominium Property Act are available for a fee from:

Publication Services
11510 Kingsway Avenue
Edmonton, Alberta T5G 2Y5
or

Main Floor, McDougall Centre
455 – 6th Street SW
Calgary, Alberta T2P 4E8

A condominium organization you may wish to contact is:

Canadian Condominium Institute
North Alberta Chapter
Box 777
Main Post Office
Edmonton, Alberta T5J 2L4
473-4645

South Alberta Chapter
Suite 240
2424 – 4 Street SW
Calgary, Alberta T2S 2T4
228-3402

You may also wish to contact:

New Home Warranty Program of Alberta
201, 208 – 57 Avenue SW
Calgary, Alberta T2H 2K8
253-3636
In Edmonton, call 484-0572

These tipsheets are available from offices of Alberta Consumer and Corporate Affairs or by writing to Box 1616, Edmonton, Alberta T5J 2N9:

- *Buying a House*
- *Inspecting a House*
- *Shopping for the Best Mortgage*



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Edmonton 427-5782

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Medicine Hat 529-3535

Provincial Building
346 - 3 Street SE
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T1A 0G7

Peace River 624-6214

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9621 - 96 Avenue
Bag 900, Box 9
Peace River, Alberta
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Red Deer 340-5241

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T4N 6K8



tips

Buying a Mobile Home

January 1991

Thinking about buying a mobile home? Such housing can be convenient, economical, and flexible. But if you don't shop wisely, you could be unhappy with your purchase. This tipsheet offers guidelines on what to look for in a mobile home. You'll find out about:

- Choosing a mobile home site
- Checking out dealers and construction standards
- Avoiding liens on used mobile homes
- Financing
- Transporting and installing a mobile home

A *mobile home* is a factory-built, single-family dwelling designed to be transported from the factory to another site.

Before you buy

▼ Consider what you want

When making your housing choices, think carefully about your current and future lifestyle. Where do you want to live? How do you want to live? Think about your needs and wants with respect to floor plans, building materials, finishing details, storage, and any special needs you may have.

▼ Determine what you can afford

Also think about the financial commitment you would be making. What is your financial situation now. How is it likely to change in the next five years?

It would be helpful to work out a monthly budget to see where your money goes each month. What percentage of your total income goes toward

housing? What changes in your lifestyle would you be willing to make in order to own a home? Could you trim any costs?

Alberta Consumer and Corporate Affairs has several publications to help you organize your finances. See the section *For More Information* to get titles and find out where you can get copies.

▼ Choose your mobile home site

Think about where you would put your mobile home. If you own land, check that zoning regulations permit the placement of mobile homes. If you plan to rent a site in a mobile home park, check out several and speak to some of the residents. Ask about facilities and regulations. For more information, see the tipsheet, *Renting a Mobile Home Site*.

▼ Determine mobile home costs

Buying a mobile home may involve other expenses besides the purchase price. These may include the cost of:

- Goods and Services Tax (GST) on new units only. Some of the tax is rebated. Contact Revenue Canada for more information.
- A delivery fee—there may be a mileage limit on free delivery
- Site rental and a mobile home licence fee
- Site development and building permits
- Blocking and utility service connections, if these costs are not included in the purchase price
- Purchase and installation of skirting and steps
- Insurance



Shopping for your mobile home

▼ Check out the dealer

Whether you plan to buy a new or used mobile home, take time to shop around. Check that the dealer is licensed by Alberta Consumer and Corporate Affairs. All mobile home dealers in Alberta must be provincially licensed and bonded.

Also check the dealer's reputation. If possible, try to talk to others who have purchased mobile homes from the dealer.

▼ Check out the construction

Mobile homes built in Alberta since 1971 must conform to standards set by the Canadian Standards Association. These standards, known as the CSA Z240 series, cover the structure, the plumbing, gas fitting, and electrical requirements.

Since 1974, the Alberta Building Code has covered all aspects of mobile home construction. It requires that all mobile homes be certified by the CSA as meeting the building code.

Look for the CSA Z240 seal outside the mobile home near the main door, or inside on the door of the electrical panel. The CSA Alberta Building Code seal and CSA specification sheet will be located inside one of the kitchen cupboard doors.

These items should not be removed.

▼ Know what you're getting

Check all the features in a mobile home that you would in a conventional house. For example, how convenient is the kitchen? Are heating, plumbing, and electrical systems adequate? Ask yourself the following questions:

- What does the purchase price include? The drapes? Lighting fixtures? Appliances?
- Are you happy with the quality of such features as the kitchen cupboards, counters, and carpets?
- Are you satisfied with exterior features such as doors, windows, and the siding?
- Does the home have adequate ventilation systems, vapor barriers, and insulation to prevent condensation problems? Condensation can be a

problem in situations where a family's use of water in bathing and cooking causes high humidity.

- Will all warranties on items in the home such as the furnace, dishwasher, and others be honored by the mobile home dealer? If he's not responsible for a warranty, who is?

▼ Before you sign a contract

Be sure you understand your purchase agreement. You may want your lawyer to look it over to safeguard your interests.

Do not accept verbal promises. Get all warranties, guarantees, and service promises in writing. Be sure your dealer can make alterations or adjustments if required.

A business that is licensed to sell mobile homes must give you a written contract. The contract must include:

- the date the contract was signed
- the names and addresses of the buyer and the seller
- the total amount to be paid to the seller
- the terms and conditions of payment
- a detailed description of the mobile home and the materials, appliances, and fixtures that are supplied
- the delivery date

▼ If you buy a used mobile home

Confirm the make, year, and size of the mobile home. If you are not purchasing the home from a dealer, make sure no *liens* have been registered. A lien is a notice that someone is claiming a right to be paid out of the value of a piece of property.

Check for liens at the Personal Property Registry. Request *each* of the following:

- A lien search under the name of the mobile home owner
- A lien search under the mobile home description and serial number

The most convenient way to check for liens is to have your financial institution or your lawyer make these searches for you. Expect to pay for the service.

▼ Financing your mobile home

The purchase price of your mobile home is only one part of the cost. If you finance the purchase, talk to several mobile home dealers and financial institutions to compare interest rates and terms.

For mobile homes permanently fixed to land: Buying a mobile home that is or will be permanently placed on your own land? If so, you can apply for a regular mortgage. You may also finance a mobile home with a *collateral* mortgage which is very similar to a regular mortgage. This involves a *promissory note*, a legal document in which you promise to pay the financial institution a certain amount of money by a certain time. The note is secured by a mortgage on the land and the mobile home.

Canada Mortgage and Housing Corporation provides mortgage insurance for mobile homes fixed to land. This type of insurance protects the lender if you miss your payments. For more information, call 292-6200 in Calgary, or toll-free 1-800-472-9700. In Edmonton call 482-8700 or toll-free 1-800-272-9674.

For mobile homes not fixed to land: If you are buying a mobile home that will not be fixed to land, you can ask a financial institution for a loan secured by a *chattel mortgage*. A chattel mortgage gives the lender the right to register a lien against your mobile home. The lender then has the right to recover the mobile home if you do not meet all the terms of your agreement.

If you are renting the land, the landlord must give the lender written permission to enter the site and recover the mobile home, if you fail to make your payments.

You may be required to obtain insurance for your loan. This type of insurance protects the lender if you miss your payments. The insurance is offered by Alberta Municipal Affairs. For complete details, contact your financial institution.

Other financing: Mobile homes not fixed to land may also be financed by the dealer through a conditional sales contract. This is similar to the financing used to buy a car or an appliance. The security is the mobile home itself. Check with several financial institutions and dealers for more information.

Before you move in

▼ Transporting your mobile home

Special convoy trucks transport mobile homes to their sites. They must follow provincial highway regulations. If you are making transportation arrangements yourself, check with the nearest Vehicle Inspection Station, or with:

Alberta Transportation and Utilities
Motor Transport Services
4th Floor, Provincial Building
4920 - 51 Street
Red Deer, Alberta
T4N 6K8
Toll-free 1-800-662-7138

If you are using a trucking company, find out if you are protected by its cargo insurance. Ask to see a copy of the company's insurance policy. Confirm that the policy is in effect. You might want to talk to your insurance agent to see if you are covered while the home is being transported.

▼ Installing your mobile home

It's extremely important that your mobile home have a sound base and be properly installed.

- Be sure you have the right type of base for the soil conditions in the area.
- The support and base should be properly designed and tested.
- Ask the Building Standards Branch, Alberta Labour, for information about clearances to property lines, the base, anchoring, site preparation including ground cover and crawl space, and any other requirements. Offices are located in Peace River, Red Deer, Lethbridge, Calgary, and Edmonton.
- Follow the manufacturer's instructions for blocking and tying down the mobile home.
- Be sure the ski-ting is properly installed and cross-ventilated and check it every six months.

▼ Insuring your mobile home

Buy insurance for your mobile home. Be sure it covers property damage, liability, fire, hail, and theft.



For more information

The Manufactured Housing Association of Alberta and Saskatchewan is an independent organization whose members include manufacturers, dealers, mobile home park operators and developers, and other businesses serving the industry. The organization will investigate complaints about its members:

Manufactured Housing Association of
Alberta and Saskatchewan
Suite 18, 4609-50 Avenue
Red Deer, Alberta
T4N 3Z9
347-8925

Alberta Consumer and Corporate Affairs provides helpful information on many topics. The following titles may be of interest to you if you are buying a mobile home:

- Buying a House
- Personal Property Insurance: Get the Coverage You Need
- Putting Your Spending Plan on Paper
- Renting a Mobile Home Site
- Shopping for the Best Mortgage
- Taking Charge of Your Money

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tips

Food Shopping Skills

January 1991

Food takes a big bite out of most household budgets. By careful planning and sensible shopping, you can trim costs and still eat tasty, nutritious food.

This tipsheet will show you how to:

- Plan your shopping wisely
- Save money on meat, fish, poultry, cereals, and pasta
- Cut down on snacks and convenience food

Savings start in the kitchen

Successful shopping begins by planning at home:

- Keep an ongoing list handy and write down items as your supply runs low. Group similar kinds of foods and supplies together on your list to make shopping easier.
- Plan menus at least a week at a time.
- Plan your shopping around food in season, such as locally-grown produce in late summer.
- Consider starting some meals with home-made soup. It's nutritious and economical.
- Regularly move products forward in your cupboard shelves, refrigerator, and freezer, so you won't forget them.
- Decide how you'll use leftovers. Be sure to date the containers.
- Collect coupons for items that you *normally* use. Resist the temptation to buy expensive packaged items just because you have coupons for them.
- Use newspaper ads to compare prices between stores. But remember that the cost of travelling between stores can eat up your savings.

- Keep a list of prices you usually pay for staples. (A handy way to do this is to use index cards stored in a file box.) Use your list to decide if advertised items are genuine specials.
- Try to shop alone. Children can be particularly distracting.
- Try to shop when stores are not crowded.
- Try not to shop when you are hungry or tired.
- If you've forgotten something, try a substitution rather than rushing to a convenience store to pick up additional items. You'll usually pay higher prices.

Saving in the store

Stores are designed to make it easy for you to spend money. Bright signs and end-of-aisle displays don't always indicate a lower price. More tips:

- Generic and house brands are often just as good and less expensive than widely-advertised name brands.
- Compare unit prices to see which brand or size is the best buy. You might be in for some surprises. For example, the largest size is not always the best buy! Some stores display unit prices on shelves. In other stores you may have to calculate the unit price yourself. A small calculator is a good investment.
- Become a label reader. Ingredients are listed in descending order according to their volume in a particular product.
- Check bottom shelves. More expensive items are usually placed at eye level.
- Take advantage of specials only if they fit into your budget and storage space.

- Check the “best before” date on prepackaged food with a durable life of 90 days or less. Also check the “pull date” on liquid milk containers.
- Pick up frozen food and fresh produce last to avoid thawing or crushing.
- Find out if products in health food stores (such as molasses or honey) are really more nutritious. The same items may be available at lower prices in supermarkets.
- Stay alert at the check-out counter. Be sure you’re charged correctly on items marked on special.

How to buy protein food

Foods containing protein, such as meat, fish, and poultry, are important to a well-balanced diet. Here are some tips on getting the best buy:

- Think in terms of cost per serving rather than cost per kilo. Low-cost meat with a lot of bone or fat may turn out to be more expensive than higher-priced meat.
- Fowl is as nutritious as poultry — and can be as tasty. Utility grade poultry has visual imperfections only.
- Try using dried peas, beans, or lentils occasionally instead of meat. They’re good sources of protein and cost less.
- Eggs and dairy products such as cheese and yogurt are also good alternate sources of protein.
- Grade B eggs cost slightly less than Grade A and have visual imperfections only.

How to buy cereals and pasta

This food group is an important source of vitamins and minerals. Here are some shopping hints:

- Use macaroni and other pasta as an inexpensive way to extend meat dishes.
- Home-cooked cereal is less expensive than ready-to-eat or sugar-coated cereal, and is probably more nutritious.
- Day-old baked goods are often a good buy.
- Long-cooking rice is generally less expensive than quick-cooking or preseasoned varieties.

Beware: snacks and convenience food

The more food is processed, the more it’s apt to cost. Snacks and convenience food are the most refined foods in the marketplace.

- Try to cut down or eliminate high-calorie foods such as soft drinks, candy, and potato chips. Consider healthy alternatives, such as popcorn, fresh fruit, or whole-grain crackers.
- Some convenience food can be economical and nutritious (for example, frozen fruit juice, frozen bread dough, and frozen vegetables).
- Save money by making your own nutritious baby food. Puree meat, vegetables, or fruit and freeze in ice cube trays for meal-sized portions.

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Getting Insurance on Your Loan: Creditors' Group Insurance

January 1991

- How creditors' group insurance works
- What factors you should think about when considering this type of insurance
- Whether it is better to obtain insurance as part of a group or to obtain it separately
- How to make an informed decision regarding insurance for consumer loans.

The insurance is provided under a group insurance policy which the business buys from an

Some group insurance policies have no identifiable charge for the insurance—the cost of the insurance is built into the loan interest rate. In this case, all borrowers are covered automatically. Creditors' insurance on bank loans and credit card balances is often of this type.

If you decide to buy creditors' group insurance, be aware that the charges for it are sometimes



added to your loan amount, so that you end up paying interest on the insurance premium. You are usually not given the opportunity to pay for the premium in a single payment. However, if you buy the insurance directly from an insurance company, rather than from the creditor, you may be able to pay the insurance premiums on a monthly basis, without having to pay interest.

If the insurance is cancelled before it expires. (whether cancelled by you or the creditor), you are entitled to a refund of the unused premium. Should you decide to pay out or refinance the loan, you are also entitled to a refund.

▼ Isn't creditors' group insurance cheaper than an individual policy?

Group insurance *in general* is less expensive than individual insurance. This is because there is no need to issue a policy to each individual in the group; there is really only *one* policy. With just the one policy, there are fewer administrative, underwriting, and sales costs.

Another common reason for cheaper premiums on some group policies is that members of the group share some characteristic that defines them as low risk. For example, a majority of the members of an employer's group might be involved in low-risk white-collar jobs. Their costs for disability insurance would be uniformly low, and every member of the group would benefit.

However, for a group composed of dissimilar members, those savings may not exist. The insurer must provide disability insurance or life insurance for everyone, including older people, smokers, people with heart conditions, and people who operate dangerous machinery. The lower-risk people in the group must pay the same premium as

the others. And it might be higher than the rate they could get on an individual policy.

Bear in mind, too, that if you have an existing illness or injury when you enrol in the group policy, you may be excluded from making a claim that results from that condition.

Premiums on creditors' group insurance might also be higher due to the administrative allowance paid to the person who signed you up for the loan. This is similar to a salesperson's commission. In most group plans, new members sign up for insurance when they join the group—for example, when they start a new job. However, if you are signed into the group by the person who sold you a car or arranged a loan for you, that person usually gets a commission. You often pay for this commission with higher premiums.

▼ Is creditors' group insurance a good deal?

As with all consumer purchases, shop carefully for the best deal. Examine different insurance options and make comparisons. You may find that the group insurance offered by the creditor gives you the best value; on the other hand, it may be to your benefit financially to arrange coverage separately. You've already shopped carefully for your furniture or vehicle; don't start wasting money when it comes to insuring your purchase.

When you purchase a large item on credit, it's a good idea to review your life and disability insurance coverage, and consider what would happen if you were unable to make your credit payments. Purchase insurance (or upgrade your existing insurance) only if you need to. Make sure that any insurance you buy suits your needs.

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10320-99 Street
Box 7
Grande Prairie, Alberta
T8V 6J4

Lethbridge 381-5360
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Lethbridge, Alberta
T1J 4C7

Medicine Hat 529-3535
Provincial Building
346-3 Street SE
Medicine Hat, Alberta
T1A 0G7

Peace River 624-6214
Provincial Building
9621-96 Avenue
Bag 900, Box 9
Peace River, Alberta
T8S 1T4

Red Deer 340-5241
Provincial Building
4920-51 Street
Red Deer, Alberta
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Tips

How to Buy Toys

January 1991

Good toys help children develop co-ordination and learn important physical, intellectual, and social skills. Just as important, they provide many hours of enjoyment. But almost everyone has seen children ignore an expensive toy to play gleefully with the wrapping paper. Finding the right toy is a challenge.

Read this tipsheet to find out:

- What makes a good toy?
- How to choose the right toy for your child's age
- Where to find good evaluations of toys
- How to deal with toy advertising on TV
- How to ensure the safe use of toys



What makes a good toy?

▼ Suitability

Choose a toy that is *appropriate* for the child's stage of development. Ideally, a toy should challenge his skills, engage his interests, and stimulate his imagination. The table on the next page, *Guide to Selecting Suitable Toys*, is designed to be a useful starting point.

▼ Safety

Children can be seriously injured by unsafe toys. Before you buy a toy, inspect it carefully. If the toy is packaged, insist on seeing a demonstration model. Avoid these hazards:

- Toys with sharp edges or points
- Toys small enough to be swallowed or inhaled, or which have small parts which may break off
- Toys that make sounds so loud they may cause ear damage
- Toys made of brittle plastic which may shatter and break into sharp pieces
- Toys that pinch or trap fingers
- Toys with cords, string, or tape long enough to wrap around a child's neck and cause strangulation

▼ Play value

Consider the "play value" of the toy. For example, an expensive toy that is played with every day and provides many learning experiences has greater play value than an inexpensive toy discarded after two uses.

Don't make the mistake of equating play value with price. "Basic" toys such as plain wooden blocks, balls or measuring cups can provide hours of imaginative play.

▼ Durability

Good toys are designed to withstand wear and tear. Look for toys that are well-constructed and made from sturdy materials.

Guide to choosing suitable toys

Toys are recommended for the age level at which they are most appropriately introduced. Many of the toys are also suitable for later stages of development when they can be used in more complex ways.

Remember too, that many toys are available in a variety of formats, for example, large fabric blocks, wood or plastic alphabet blocks, interlocking puzzle blocks. Choose the format most appropriate for your child's abilities.



Age	What children are learning	Characteristics of suitable toys	Recommended toys
0 – 6 months	- more awareness of all senses: sight, hearing, touch, taste, and smell - large muscle co-ordination and strength - self-awareness - cause and effect relationships	- primary colors - make comforting sounds - encourage gripping and eye-hand co-ordination - promote eye focus - varied textures, shapes, sizes, and weights	- musical mobiles - pictures - unbreakable mirrors - squeeze toys - cuddly toys - teethers and soothers - crib gyms - rattles
6 – 12 months	- fine muscle co-ordination such as the use of fingers - intellectual development - language skills	- give immediate results - give positive reinforcement - encourage exploration and thinking - involve skill in using the hands - illustrate properties such as inside out, upside down - correct themselves	- blocks - balls - shape-sorter toys - activity centres - roly-poly toys - household items
12 – 18 months	- language skills - crawling and walking - increasing independence - recognition of objects	- simple and durable - involve everyday activities	- nesting and stacking toys - books - sand and water toys - push and pull toys - bath toys
18 – 36 months	- social skills, such as sharing - language skills - imitative and imaginary play - controlling people and the environment - creativity - rhythmic movement	- make children think - encourage creativity - encourage inquiry - encourage play with others - allow control by children	- toy telephones - blackboards - riding toys - wagons - puzzles - art supplies - simple musical instruments - indoor/outdoor gyms - dolls and stuffed animals

3 – 6 years

- social skills
- basic academic skills, such as counting and reading
- adjustment to structured activity
- recognition of patterns
- imaginative play
- encourage nonsexist role playing
- encourage play with others
- encourage imaginative and creative play
- involve everyday activities

- board games
- card games
- dominoes
- skipping ropes
- outdoor toys
- play sets
- dress-up clothes

6 – 9 years

- academic skills
- understanding the media
- rhythm and music appreciation
- awareness of others
- exercise school-related skills
- realistic in terms of relative size and color

- complex musical instruments
- fashion dolls
- action figures
- puppets
- construction toys
- sports equipment

9 – 12 years

- competitive sports
- development in all areas
- basic science skills
- encourage inquiry, imagination, and investigation
- reflect developing interests
- allow a variety of activities

- electronic toys
- science equipment
- craft kits
- writing tools
- materials for play acting

12 – 15 years

- independence
- awareness of self and world
- physical and mental maturity
- self-expression
- encourage self-expression
- challenge all skills
- encourage practicing real-life situations
- encourage patience and commitment
- require concentration

- music equipment, such as records
- kites
- models
- collections, such as stamps





Getting help from the Toy Report

The Toy Report, published annually by the Canadian Toy Testing Council, evaluates hundreds of toys for their safety, play value, and durability. It's available at most book stores and public libraries.

Resisting TV advertising

Many parents experience the frustration of coping with children who desperately want toys they have seen advertised on TV. This advice may help:

- Keep in mind that advertisers are sales experts, not child development specialists. You are better qualified than toy advertisers to decide which toys are suitable for your children.
- Do not feel guilty about saying "no" to your children; instead explain your reasons for refusing to purchase a toy.
- Complain to stores, television stations or manufacturers about any toy advertisements that create false expectations.
- Teach your children about the functions and techniques of advertising. Analyze ads together, then visit toy stores to see the toys in a realistic light.

Toy safety at home

Continue the same safety awareness at home that you applied in choosing a toy:

- Remove and discard plastic packaging before giving a toy to young children.
- Examine toys regularly for safety.
- Repair damaged toys immediately. Discard those which can't be repaired.
- Don't store toys in boxes with heavy lids. They may slam closed on your children.

Ensure that older children's toys do not present a hazard to younger children. These include:

- Toys with projectiles, such as darts
- Toys with toxic substances, such as chemistry sets
- Toys with small parts that could be swallowed, such as miniature construction sets and doll accessories

Ask for the following publications, available from Alberta Consumer and Corporate Affairs:

Children's Allowances

Consumer Complaints: Both Sides of the Coin
Mom Buy Me That!

Truth in Advertising

Alberta Consumer and Corporate Affairs

Calgary 297-5700

301 Centre 70
7015 Macleod Trail South
Box 5880, Postal Station A
Calgary, Alberta
T2H 2M9

Camrose 679-1733

Aspen Business Park
4911-47 Street
Camrose, Alberta
T4V 1J9

Edmonton 427-5782

3rd Floor, Capilano Centre
9945-50 Street
Edmonton, Alberta
T6A 0L4
and

126 Pacific Rim Mall
9700-105 Avenue
Box 10
Edmonton, Alberta
T5H 4J1

Fort McMurray 743-7231

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5th Floor, West Tower
9915 Franklin Avenue
Fort McMurray, Alberta
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MAR 25 1991



tips

Saving on Auto Repairs

February 1991

Auto repairs can be expensive, inconvenient, and confusing. This tipsheet will help you to curb costs. You'll learn:

- How to avoid problems with auto repairs
- How to find out what repairs need to be done
- What to do if your bill is higher than the estimate
- How to handle repairs if your car is under warranty
- How to solve repair problems
- Make sure the work order says exactly what is to be done, and the cost.
- Add a written note stating that additional repairs require your consent.
- Leave a phone number where you can be reached.
- Ask the shop to return the used parts. These can be used as evidence if an argument arises over whether the repairs were necessary.

Basic rules for auto repairs

- Deal with a reputable repair shop that has employees with proper training and recent technical updating.
- Get a detailed written estimate.
- Make sure you know exactly what repairs are covered by the estimate. This will protect you if there is an argument over what the estimate was intended to cover.
- Find out if the estimate covers both parts and labor. Is a separate breakdown provided of charges for parts and labor?

Before you decide to go ahead with additional repairs, consider:

- The cost of extra repairs, and what would happen if the repairs were not made
- If there are other less expensive ways of making the additional repairs
- How long you plan to keep the car

If you decide to go ahead with the repairs, your signature on the work order gives approval to proceed. Be sure to:

- Get a copy of the work order.

What repairs does my car need?

Q. There's something wrong with my car, but I'm not sure what. How can I find out what needs to be done?

A. It is important to be able to clearly describe the problem to the mechanic.

- You might have it checked by an independent diagnostic centre — which only provides diagnosis, not service. The centre will provide a written report about the condition of the car and any repairs which are required.
- A less costly alternative is to consult one of the many car maintenance books available from the public library. This should help you in your discussions with a mechanic.

How are labor rates set?

Q. Recently I had some minor repair work done on my car. I was quoted a predetermined price for labor. I now find out it would have been cheaper to have paid for the actual time it



took to do the repairs. How do repair shops determine the rate for labor?

A. There are two ways:

1. Some shops charge for the amount of time actually spent on the repair. This is called an hourly rate. If you deal with a shop which charges for the actual time taken to complete the repairs, you won't know what the exact labor charge will be until the repairs are completed. However, if an estimate is provided, it must be reasonably accurate.
2. Most shops refer to a manual which shows the average amount of time required to complete the repairs described on the work order. This is called a flat rate. There are several flat rate manuals which show varying rates, so you might want to ask which manual the repair shop is using.

Copies of flat rate manuals may be available at the public library. If you deal with a shop charging a flat rate for labor, you know what the labor charges will be before the repairs are begun.

My bill is higher than the estimate!

Q. When my car needed repairs, I got an estimate and approved the work to be done. When I went to pick up my car, the bill was much higher than the original estimate. Now the repair shop won't return my car until I pay the bill. Can they do this? Do I have to pay the increased bill?

A. There are basically two problems involved here:

- The argument over the bill
- The shop's refusal to return the car

According to the Unfair Trade Practices Act, the repair shop must get the owner's consent before proceeding with a repair which is substantially more than the estimated or quoted price. That's why it's so important to get an signed estimate that clearly outlines the authorized repairs and charges.

The Garagemen's Lien Act and Possessory Liens Act allow the repair shop to hold the car until you

pay for the repairs authorized on the work order. A *lien* is a legal claim against the property for the payment of a debt. In this case, the property is your car, and the debt is the repair bill which is in dispute. Your car serves as security on the unpaid debt.

Your only alternative to paying the bill first and arguing later is to go through the courts to get your car back. The repair shop is entitled to hold your car as security against the unpaid bill until the argument is resolved.

I didn't ask for these repairs!

Q. Although I am satisfied with the work done on my car, the garage replaced spark plugs and a few other parts which I had changed only two weeks earlier. I feel this work was unnecessary. What can I do about it?

A. It is a violation of the Unfair Trade Practices Act for a repair shop to replace parts or make repairs or adjustments which are not needed. Return to the shop to discuss the matter. Take all related correspondence, such as work orders, bills, guarantees, and the used parts, back to the shop and explain the situation clearly. In many cases, the situation can be resolved by discussing it with the manager. See the section, *How to Solve a Dispute*.

Q. What happens when a repair shop makes repairs I didn't ask for, and don't want? Repairs were made that had nothing to do with the original problem.

A. You are not responsible for paying for repairs that are totally unrelated to those you requested. For example, if you took your car in just for a tune-up and the shop also fixed the radio, you do not have to pay the additional charges.

Sometimes disagreements arise over whether the repairs were related. For example, a car brought in for front-end repairs may require a wheel alignment to correct the problem described on the work order.

If you can't settle a dispute by talking to the manager, ask for assistance from the nearest office of Alberta Consumer and Corporate Affairs. If the dispute is still unresolved, you may have to take legal action.

Will my warranty cover the cost?

Q. Although the warranty is still in effect on my new car, I received a bill for additional shop and service charges. Do I have to pay these extra charges?

A. The answer to this question is in your car warranty. Read it carefully. Then, if you are still confused over the additional charges, take the warranty to the dealer and ask him to explain why certain service charges and parts were not covered. If the warranty states that this repair work is covered, then all charge backs should go to the manufacturer, not to you. It is important to understand that normal maintenance items such as plugs, points, and an oil change are not covered under the warranty and that you will be billed for parts and labor.

Q. Repairs were made several months ago by the dealership when my car was under warranty. The warranty has expired, but the problem has not. Do I have to pay for additional repairs?

A. If it can be shown that the car has the same problem, and that the problem was not properly repaired while under warranty, the dealership should repair the car at no charge to you. It can be

difficult to prove, however, that the problem is indeed the same one brought in for repair under warranty. The dealer may also say that the same problem recurred through improper care and/or maintenance.

Protect yourself by keeping good records. Talk with the mechanic. If there is still a disagreement, contact the nearest office of Alberta Consumer and Corporate Affairs. In some cases, the problem may be turned over to the Motor Dealers' Association of Alberta for mediation.

How to solve a dispute

- Clearly explain your concerns to the repair shop.
- Present important records such as estimates, bills, warranties, and reports from other mechanics.
- Talk to the manufacturer's representative if the dealer cannot resolve the complaint on a new car to your satisfaction.
- Contact the nearest office of Alberta Consumer and Corporate Affairs if you are unsuccessful in resolving what you believe to be a valid complaint.
- You may file a claim in the Civil Division of the Provincial Court (formerly called Small Claims Court) if the amount in dispute is \$4,000 or less.

Alberta Consumer and Corporate Affairs

Calgary 297-5700
301 Centre 70
7015 Macleod Trail South
Box 5880, Postal Station A
Calgary, Alberta
T2H 2M9

Camrose 679-1733
Aspen Business Park
4911-47 Street
Camrose, Alberta
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Edmonton 427-5782
3rd Floor, Capilano Centre
9945-50 Street
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and

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tips

Choosing a Home Builder

March 1991

Choosing a good builder will be one of the most important steps you take on the road to your dream home. This tipsheet discusses:

- The starting points — choosing a building site and house plan
- Judging a builder's merits
- Comparing bids from different builders
- Checking a builder's experience and reputation
- Protecting yourself from poor business practices
- The best methods of payment

Start with the site

Consider the location of your building site. Do you want to build in a new subdivision? Or would you prefer an established neighborhood?

Housing developments in subdivisions are either *open* or *closed*. Any builder may construct a home in an open subdivision. In a closed subdivision, a builder must be approved by the developer.

In some closed subdivisions, you first choose your lot, then select a builder from among those approved by the developer. In other closed subdivisions, builders buy lots from the developer. Then you must use the builder that owns the lot you want. In most older areas, you may hire the builder of your choice.

Check out restrictions

Whether you are building in a long-established area or a new subdivision, your home must conform to zoning requirements. These cover such items as size, maximum height, and location of the house on the lot, as well as construction standards, and building codes. The builder makes sure the construction meets these requirements, and obtains the

necessary permits and inspections. *The homeowner, however, takes ultimate responsibility.*

In housing developments, developers may also set their own special standards covering minimum size, exterior finishes, garages, and other items. Make sure you can still afford the house after you've met all the requirements!

Choose a house plan

It can be hard to visualize what a house will look like from blueprints. One way to find a suitable design is to tour show homes. If you find one you like, get the builder's name.

You may also want to enroll in one of the many evening classes on building a home, offered by various educational institutions.

Perhaps you've designed an original plan. In that case, you want a "custom-built house." A home-design service can help transfer your dream home to a set of blueprints. Some builders provide a design service. Others, however, only construct homes according to their own plans.

If you can afford it, you might consider hiring an architect to help design your home. An architect can design a house that meets your unique needs, and save you from expensive mistakes. A less-expensive option is to hire a junior architect on an hourly basis to check your rough plans before you go to a drafting service.

Check the builder's reputation

One of your most reliable leads to a good builder is word-of-mouth. Ask friends and colleagues for



recommendations. Also visit show homes to evaluate various builders. Pay close attention to the workmanship. Be aware, however, that some poor workmanship, such as the use of inferior materials in the frame, may not be visible in a finished home.

Try to get an unbiased list of previous customers from any builders you're interested in. Beware of photocopied reference lists stacked on the desk in a builder's show home or office. Ask previous buyers these questions:

- How satisfied are they with the builder's work and service?
- Did they have easy access to the house during construction?
- Was the job completed without major disagreements or delays?
- Were all of their color selections and other extras included as requested? If not, what were the reasons?
- Was customer service satisfactory after they moved into the house? Was the builder receptive to any changes during construction, and was he fair with his costs for those changes?

Evaluate bids

Chosen your house plan? Your next step will be to get at least three bids, or price quotes, from builders.

Many factors go into a bid, so the cheapest bid is not necessarily the best one. Be wary of bids that are far below the others. The range of quality of the materials and products used in your home — from the lumber to the carpet — can vary widely. Check that the bids cover the same work and the same quality of building materials.

Ask questions

▼ Is the builder a member of the New Home Warranty Program of Alberta?

Builders registered with the New Home Warranty Program of Alberta offer fully-insured warranties covering the repair of defects in workmanship and materials for 12 months from your possession date. They also offer five-year and 10-year warranties against structural defects.

Before joining the program, builders must show that they have the technical, management, marketing, and financial skills necessary to build new homes. Investigate further before signing with anyone who isn't a member.

You may also speak with organizations such as the Better Business Bureau, your local Chamber of Commerce, and the local Home Builders' Association for reference checks. See For More Information for the addresses and telephone numbers of organizations referred to in this section.

▼ How many houses has the builder constructed? How many similar to your chosen design?

Answers to this question will give you an idea of the contractor's experience. You'll want to make sure the contractor can handle the task.

▼ How many years has the builder been in business? Has he always operated under the same name?

As with any other business, builders can employ various strategies — such as dissolving old companies and forming new ones — to avoid obligations to customers.

▼ What builder-employees would you be dealing with?

If you hire a large firm, your primary builder contact from start to finish will likely be a sales representative. With a small firm, the owner/manager may provide direct supervision of house construction.

▼ What suppliers does the builder use?

The builder should identify his major suppliers. Be sure you'll be satisfied with the supplier's product lines for such items as floor coverings and electrical fixtures.

Many contractors supply samples of materials and products. You may also want to tour the supplier's outlets and talk to their salespeople.

Once you've decided on your color scheme and materials such as carpets and other decor, any changes may result in additional expenses and time delays, since the builder must change his orders.

Your mortgage and your builder

It's a good idea to tell your potential mortgage lender what builders you are considering. Your choice of builder could affect the mortgage. For example, most lenders will not issue mortgages to builders who do not belong to the New Home Warranty Program. Also, your building location may affect your mortgage. You may not qualify for a mortgage — or you may have to pay a higher rate.

Your financial institution may be willing to check the Credit Bureau for a report on your preferred builder.

Check the builder's contract

Don't conduct any serious negotiations over the phone. Get everything in writing.

Be wary of any builder who tries to pressure you into signing immediately. Don't sign anything until you have gone over the offer with a lawyer! Once it is signed, the contract legally binds you and the builder to all of the details in the document. Read all the terms carefully. Make sure that all the important details are covered.

Builders' Lien Act: Under the Act, a supplier or subcontractor may place a lien or claim on your property if he has not been paid by the builder who ordered the material or labor. In effect, the lien holds your property as security for the builder's debts. See holdbacks.

Closing: The buyer's lawyer usually holds the money for the final payment in a trust account. The lawyer makes the final payment in exchange for the deed to the property which is placed in the buyer's name.

Contract: Also called an Offer to Purchase, or Agreement of Purchase and Sale, the contract identifies the rights and obligations of the purchaser and builder from the time of signing to the closing.

Holdbacks: Because of the possibility of suppliers or subcontractors taking out a lien (claim) against the property, a portion of each payment is retained by the buyer for a specified period of time after closing. In Alberta, 15 per cent of each payment should be held back for 45 days (the time allowed creditors to register a lien on your property).

▼ Start with the general conditions

This section lists the steps that will be followed during construction: starting date; detailed specifications; warranties (either through the warranty program or extended by the builder); the payment schedule; and a completion date.

This is also the section of the contract where the Builders' Lien Act is discussed. Be aware that suppliers may place a lien on your property if they are not paid by the builder. The normal procedure is for the homeowner or financial institution to hold back 15 per cent of each payment for 45 days to cover such a possibility. (See the box on this page for information about the Act and holdbacks.)

▼ How will extras be handled?

Extras are items either requested by the purchaser or offered by the contractor, which aren't included in the initial offer. For example, the contract may not specify a garage door opener. If you want one, the builder may offer to include it in the contract, at an extra cost. Remember:

- Extras are often paid for in full and up front when the offer is signed, not when you take possession of the house.
- The additional cost of any extras will usually include a profit for the builder. Compare this additional cost with the cost of arranging the work yourself at a later time.
- Extras can mean delays if they are requested without enough lead time.

▼ What about allowances?

For items such as light fixtures, flooring, and carpeting, most builders give a set price, called an allowance. If the materials that you request exceed this allowance, you pay the additional cost. If the materials cost less than the allowance, the difference is subtracted from your payment.

Builders are generally willing to provide whatever quality of materials you desire. However, upgrading can make a major difference in the final price.

▼ How will payment be made?

There are two basic ways to pay your builder. One involves paying the builder a large deposit at the beginning, after the offer is signed and returned to the builder. If the deal is completed, this deposit repre-



sents a partial payment of the purchase price. A final, larger payment, is made on completion of the project (the "closing").

The problem with this method is that you risk losing your deposit if the deal is not completed. Talk to your mortgage lender, financial institution, or lawyer about placing this deposit in a mutual trust. Terms and conditions of this trust would state how the money should be handled.

The other, more common method of payment involves making a series of scheduled deposits, or "progress payments." The timing of these payments and the amounts are stated in the contract. For example, you may be required to pay 10 per cent when the foundation is completed; 30 per cent when the framing is completed; and another 30 per cent after all the drywall, plumbing and wiring are finished. The remainder is paid upon possession, minus the holdback of 15% that is allowed under the Builders' Lien Act.

There are three ways to ensure that the work has been completed according to the payment schedule:

- Your financial institution may insist that its inspector verify that a particular stage of construction has been completed before releasing funds for payment.
- Inspect the premises yourself.
- Hire a third-party inspector.

For more information

Other housing-related publications, available from Alberta Consumer and Corporate Affairs, may also be useful: *Shopping for the Best Mortgage, Buying a House, Inspecting a House, Home Improvements: How to Hire a Contractor, Buying a Condominium, Buying a Mobile Home, Renting a Mobile Home Site, Real Estate Agents: What Buyers and Sellers Should Know.*

Information and advice is also available from the following organizations:

New Home Warranty Program of Alberta

201, 208 – 57 Avenue SW
Calgary, Alberta T2H 2K8
253-3636

or

201, 10335 - 172 Street
Edmonton, Alberta T5S 1K9
484-0572

Alberta Home Builders' Association

205, 10544 – 114 Street
Edmonton, Alberta T5H 3J7
424-5890

Calgary Home Builders' Association

100, 3016 – 5 Avenue NE
Calgary, Alberta T2A 6K4
235-1911

Edmonton Home Builders' Association

201, 10544 – 114 Street
Edmonton, Alberta T5H 3J7
425-1020

Lethbridge Home Builders' Association

2918 – 7 Avenue N
Lethbridge, Alberta T1H 5C6
328-2288

Red Deer Home Builders' Association

6798 B Gaetz Avenue
Red Deer, Alberta T4N 4E1
346-5321

This tipsheet was developed in partnership with the Alberta Home Builders' Association.

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tips

Home Improvements: How to hire a contractor

May 1991

Hiring someone to make improvements or repairs to your home can be a satisfying experience as you watch the changes take shape.

Unfortunately, home improvements can also be frustrating and needlessly expensive. Homeowners frequently complain of poor workmanship, delays, and misunderstandings about how the work was to be done.

Careful planning can help to avoid these problems, and greatly contribute to the success of your project. This tipsheet will help you to:

- Hire the right contractor
- Protect yourself with a detailed written contract
- Ensure that legal requirements are followed
- Avoid scams
- Protect yourself from liens

Know what you want done

Try to make your mistakes on paper. In other words, take as much time as you can to plan your home improvement project. Experts say planning should take one-third of the entire time spent on the project!

Consult library books, self-help books and magazines. You might even consider enrolling in an evening course on home renovations. Here are some other suggestions:

- If you are planning a large project, such as a kitchen or bathroom renovation, it's a good idea to start a "renovation" binder. Clip articles and pictures of ideas you like. Make notes and discuss the project with your family or friends.
- Try to do as much legwork as possible yourself. If you'll need new light fixtures, for example,

visit lighting stores and talk to sales staff. If you don't plan ahead, you may end up making bad decisions you'll have to live with for years.

Should you do the work yourself?

The do-it-yourself approach can be extremely rewarding — or extremely frustrating.

The advantages? You may save money, get better results, and reap personal satisfaction.

The disadvantages? You may greatly underestimate the amount of skill and time required. You may also find that you won't save as much money as you expected. Contractors can buy materials at lower prices than most homeowners. If they pass those reductions on to you, your savings can be considerable.

A smart compromise may be to hire someone for the skilled jobs, and to perform the less-complicated jobs yourself (such as minor demolition, painting or clean-up).

Conclusion: Be sure you have the needed skills, time, and interest before you choose the do-it-yourself approach.

Who does what?

You can avoid potential problems by being clear about who is responsible for what.

▼ The homeowner

- Decides what is to be done
- Selects the contractor



- Provides the drawings and specifications
- Makes sure the contract describes the job completely and correctly
- Gets zoning approval, if needed
- Ensures that permits are obtained and inspections are done, although the contractor usually makes the arrangements
- Gets necessary permits, or has the contractor get them
- Before excavation, phones the Alberta First Call Location Service (1-800-242-3447) to find out where cable or pipelines are buried. Call at least two working days before excavation is scheduled. Call cable television companies separately.
- Tells the contractor immediately when the work does not appear to be satisfactory
- Makes the final decision on whether or not the job has been done satisfactorily

▼ The general contractor

- Supervises and pays workers, suppliers, and individual tradespeople, and ensures that work is of good quality
- Usually gets required permits and arranges for necessary inspections (although the homeowner is ultimately responsible for this)
- Carries out all the work described in the contract (unless he has written authorization for changes)
- Maintains public liability and property insurance, plus workers' compensation coverage

▼ The foreman

- Heads the work crew. (Direct general questions or comments to him, rather than to individual workers.)

▼ The subcontractor

- Does special work, such as plumbing and wiring, for the general contractor who hires him

▼ The inspectors

- Conduct inspections to ensure that various aspects of the project meet building codes

Do I need a general contractor?

If you need many types of contractors to do your home improvements, you can do one of two things. You can hire the various contractors as you need them, or you can hire a general contractor who arranges for all the other workers.

A general contractor can save you time and money by scheduling work so it flows smoothly — a complicated task!

How to find a contractor

The best way to find a contractor is through satisfied customers. Ask around. Have any of your friends or neighbors completed a similar project? Were they happy with the work and the price? Check the work. Does it meet your standards?

Some of the following sources may also help you find a contractor:

- Some of the larger building supply and hardware stores do home improvement contract work.
- Your local home builders' association (which is affiliated with the Canadian Home Builders' Association) may suggest someone.
- The Yellow Pages of your telephone directory may help. Look under "General Contracting, Building Contractors" or the particular specialty you need, such as roofing or insulation. **This is the least desirable way to select a contractor, as it carries no recommendation or approval whatsoever.**

▼ Describe the project

When you're ready, describe the project in writing as completely as you can. Use pictures and drawings if possible. Write down the type and quality of materials you want.

Give the same details to all prospective contractors. That way, they'll know what the job requires and be bidding on the same work.

▼ Get more than one estimate

Ask for written estimates from more than one business. An estimate should contain a description of the work to be done, the materials to be used and



their quality, the beginning and completion dates, the total price, guarantees, and method of payment.

▼ Check licences and bonds

In some cases a contractor must be licensed and bonded. Refer to the information in the box, *Prepaid Contractors*.

▼ Check references

Ask the contractor for the names of his customers in your area. Try to look over those completed home improvement projects. Most people will be glad to help you. But make sure they're not relatives or business associates of the contractor.

▼ Check qualifications

Ask if the tradespeople doing the work have the qualifications for the job. Ask to see the pocket certificates issued by Alberta Career Development and Employment.

Phone the Better Business Bureau. They keep a record of complaints received against member contractors working in the area.

Homeowner beware

Avoid contractors:

- Who knock on the door to tell you they just happen to be doing some work in the area and can give you a "special price"
- Who promise a discount if you allow them to use your home "to advertise our work." Probably the same offer will have been made to everyone
- Who quote a price without seeing the job
- Who demand a large down payment "to buy materials." Most reputable contractors can maintain charge accounts with their suppliers
- Who refuse to give you a written contract outlining what they will do
- Whose only address is a post office box, a telephone answering number, or the address of their answering service

Prepaid Contractors

Special contract requirements: If a contract is worth \$200 or more, and if a contractor accepts money before the job is completed, he is required by Alberta law to give you a written contract. It must contain:

- The place and date of the contract
- The name and address of the contractor and the homeowner
- A description of the services and work to be done
- The total price and conditions of payment, including the amount of the down payments and when payments are to be made
- The completion date

The contractor must give you a copy of the written contract at whichever time comes first:

- On or before the date the work begins
- Within 10 days after you sign the contract

Licensing and bonding requirements: Special regulations apply to contractors in Alberta if:

- They accept money before work is complete, and
- They look for work and discuss a contract away from their normal place of business — for example, in your home

Contractors who carry out *both* practices must be licensed by Alberta Consumer and Corporate Affairs. They must also be bonded by a bonding company. You can find out if a contractor is licensed and bonded by checking the nearest office of Alberta Consumer and Corporate Affairs.



Get a good written contract

Although a contract can be concluded with a simple handshake or verbal agreement, a written contract is always a good idea. Verbal contracts can be difficult to prove. And in some cases the law says that the contract *must* be in writing. (Refer to the box, *Prepaid Contractors*.)

There is really no such thing as a standard written contract. Each contract is an individual document covering a special situation. Review the *Contract Checklist* to see what should be in a contract. If a job is small, you won't need as detailed a contract.

Once you sign a contract, it becomes legally binding, so read it carefully. Are you satisfied with the description of the work to be done? This is an area where most misunderstandings and problems can arise. Agreeing on clear, exact job specifications is extremely important. Get it in writing!

Any blank spaces on a printed form should be filled in with NA (Not Applicable) or NIL (nothing). Strike out anything you don't agree with, or ask that the contract be rewritten.

Remember, an estimate is not a contract.

Sometimes a contractor will include a "contingency clause" which allows for an extra fee if he experiences unexpected problems. For example, if you are having a skylight installed, the contractor may discover that the surrounding wood in the roof is too rotten to support the new construction. Because the contractor might have to replace a large portion of the roof before installing the skylight, his fee could be considerably higher than he expected.

Contingency clauses are perfectly acceptable. They're better than having the contractor give you a high estimate *in case* he runs into unexpected problems.

Changing the contract

Change your mind about the flooring in your new addition? Are the patio doors you wanted not in stock?

No matter how carefully you prepare your contract, some changes or additions will almost always be necessary. For the protection of both you

Contract Checklist

- ✓ Full names and addresses for yourself and the contractor. Make sure the firm you have been dealing with is the one named in the contract. Include its telephone number
- ✓ Definite starting and completion dates
- ✓ A detailed description, with sketches if appropriate, of the work to be done. Write in the quality and type of materials to be used. Include all work that is being subcontracted, such as plumbing and wiring
- ✓ The total price, including the amount of the down payment, if there is one, and the schedule of payments
- ✓ Assurance that the contractor will get all necessary permits and that all work will be done according to local codes. Ensure that inspections by local authorities will be done at the proper times
- ✓ A statement that the contractor is responsible for removing all debris as soon as construction is completed
- ✓ A statement that the contractor will repair or replace property damaged during the work
- ✓ A statement of all warranties, explaining what is covered, for how long, and what will be done if problems arise
- ✓ A statement of the contractor's public liability and property damage insurance
- ✓ Place and date of the contract
- ✓ The contractor's signature and your own

and the contractor, changes should only be made with:

- Written approval of the homeowner
- A signed statement from the contractor, giving the extra cost (or reduction)

If you are financing the work with a loan, check to see if the change must be approved by someone in the financial institution.

If you want to cancel

When a written contract has been solicited, agreed upon and signed within your home, the Direct Sales Cancellation Act lets you cancel it without giving a reason. You must do so *no later than four days* after receiving your copy of the contract.

Write a letter of cancellation and deliver it personally or by mail. It's a good idea to use registered mail, which provides proof of the mailing date. (The notice of cancellation is considered to be given at the time of mailing.)

There may be other circumstances that give you the right to cancel a contract. Contact the nearest office of Alberta Consumer and Corporate Affairs for more information.

Paying for the work

A down payment is seldom required on a routine home repair or improvement job. Even large projects are often done without a cash advance. If a down payment is required, make it as low as possible.

Most small jobs take no more than a few days to do, so payment is usually made after the work is completed.

If your project is large, the contractor will likely ask you to make "interim" payments (made in between starting and completion dates). *Make payments only for work that has been completed.* Always keep back some money to ensure the work is completed to your satisfaction.

Avoid "progression" clauses that call for payments at specific times, no matter how much work has been done. You could be left with an unfinished job.

Paying by cheque will give you a record of payment. If you don't have a chequing account, get a signed receipt from the contractor when the payment is made.

Protect yourself from liens

If a contractor does not pay his suppliers and subcontractors, they can place *liens* on your property. A lien is a notice that someone is claiming a right to be paid out of the value of a particular piece of property. In other words, a lien means trouble!

If a lien is registered on your property, it will be difficult to mortgage or to sell your property until the lien is removed.

You can find out if a lien has been registered by checking your land title. These are kept on file at the Land Titles office. A title shows who owns the land and anyone else who claims to be entitled to a portion of the value of the land. You can get copies of property title records by paying a small fee.

▼ Holding back

You can protect yourself from a lien by doing some footwork. Before you make any payment, check your property title record at your nearest Land Titles office.

Situation 1: If no lien has been registered

1. From the bill provided, add up the value of the work or materials supplied up to the time the payment is made.
2. Calculate 15% of the total. (For example, 15% of an interim bill for \$5,000 is \$750.)
3. Pay the contractor the amount owing minus the 15%. (\$5,000 minus \$750 is \$4,250.)
4. Keep the holdback money for 45 days after:
 - The work has been completed, or
 - The materials have been received, or
 - The contractor has given you written notice stating the renovation is ready for use.
5. After 45 days, check your title record at the Land Titles office.
6. If no lien has been registered, pay the holdback money to the contractor.



Situation 2: If a lien has been registered

1. Do not pay any money for the work or materials until the lien claim is settled.
2. Talk to a lawyer for advice on the best way to settle the claim and remove the lien from the title record.

Two ways to remove liens

- You can either pay the money claimed or negotiate a smaller amount to settle the claim. When you pay the people who have registered liens, always ask them to sign “discharge” documents and file the discharges at the Land Titles office. A discharge will remove a lien from the property record.
- Go to court. This can be a simple way of having a lien removed, *if* you’ve handled holdbacks properly. If not, it can be expensive and frustrating.

When is the job complete?

Don’t be in a hurry to declare a job complete! Wait until everything you have been promised has been done before making the final payment, signing a completion certification, or any other document that releases the contractor from further responsibility.

If the contractor asks for immediate payment and assures you he will be back “in a few days to finish everything off,” tell him his cheque will be ready then too.

If you have problems

No matter how much care you’ve taken in selecting a contractor and preparing a contract, things can go wrong.

If the completion date passes or it seems that the contractor has abandoned the job, you can send a registered letter. Say that you are giving the contractor “X” number of days for the work to be completed. After that you will hire another contractor to complete the work, with money from the original contract. Do this only after you have

received an estimate from another contractor. Be sure there’s enough money from the contract for the work to be completed.

Remember that most disagreements can be settled through discussion and compromise. Be reasonable. Go over the contract calmly with the contractor and listen carefully to what he has to say. He may be right! Bear in mind that no home improvement job is flawless.

If you are still dissatisfied, talk to a knowledgeable friend. Or talk to a lawyer, if the disagreement is serious enough.

You can report unsatisfactory business practices to the nearest office of Alberta Consumer and Corporate Affairs. It will assist if laws have been broken. It may also suggest other ways to help you solve your problems.

If you think some of the work is not up to code standards, report it in writing to the right inspection department. If the work doesn’t meet building code requirements, the contractor will have to correct it at his own expense.

The Better Business Bureau handles consumer inquiries and complaints.

Protect yourself

Contracts for large home improvements can be complicated. If you’re not sure of something in the contract, ask for an explanation. If you’re still in doubt, take it to a lawyer.

The Lawyer Referral Service (call 228-1722 in Calgary or toll-free 1-800-661-1095 from elsewhere) will give you the names of three lawyers. You may arrange an appointment with one lawyer or with each lawyer. There is no charge for the first half hour of each appointment.

Don’t feel discouraged if the protective steps outlined here sound like a lot of work for you, the homeowner. Many home improvement projects go smoothly and are satisfying for both the contractor and the homeowner. If you are realistic in your expectations, and take reasonable care in selecting a contractor and preparing a written contract, your project will likely be a success.



For more information

For lien searches of land titles, write or visit the appropriate office; provide a legal description of the title you want searched and \$2 per search. The Edmonton Land Titles Office files titles on properties from approximately Innisfail north; Calgary Land Titles Office files titles on property south of Innisfail.

If you live outside Calgary or Edmonton and require an immediate title search, you might get one done through your financial institution or law office. Many of them have accounts with Land Titles and can request searches by telephone. Expect to pay for the service.

Land Titles Office
J.J. Bowlen Building
620 - 7 Avenue SW
Calgary, Alberta
T2P 2R4
Telephone: 297-6511

Land Titles Office
10365 - 97 Street
Edmonton, Alberta
T5J 3W7
Telephone: 427-2742

Alberta Consumer and Corporate Affairs is grateful to Canada Mortgage and Housing for allowing the adaptation of their publication "How to Hire a Contractor."

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and

126 Pacific Rim Mall
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Fort McMurray, Alberta
T9H 2K4

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Provincial Building
10320-99 Street
Box 7
Grande Prairie, Alberta
T8V 6J4

Lethbridge 381-5360
300 Professional Building
740-4 Avenue South
Bag Service 3014
Lethbridge, Alberta
T1J 4C7

Medicine Hat 529-3535
Provincial Building
346-3 Street SE
Medicine Hat, Alberta
T1A 0G7

Peace River 624-6214
Provincial Building
9621-96 Avenue
Bag 900, Box 9
Peace River, Alberta
T8S 1T4

Red Deer 340-5241
Provincial Building
4920-51 Street
Red Deer, Alberta
T4N 6K8



tips

Real-Estate Agents: What Buyers and Sellers Should Know

November 1991

Buying or selling a home can be difficult and time consuming. Many people turn to real-estate agents for help. But it's easy to misunderstand the role that real-estate agents play.

Real-estate agents are also known as real-estate sales associates or salespeople, real-estate brokers, and designated representatives. In this publication, we use the term "agents."

What do agents do?

Agents sell real estate (lots, houses, and so on). Almost always, they try to find buyers for homes that people are selling.

For whom do agents work?

Real-estate agencies employ agents. But agents represent (work for) people who are selling their homes. Home sellers are agents' clients. Agents may represent many sellers.

It's important to understand that agents usually don't work for buyers. Home buyers are agents' *customers*.

How do I get an agent?

▼ If you're selling

Feel free to call or visit several agents and agencies. Ask how much commission they charge. The commission is a percentage of the selling price of the house. The agent sets the commission. You may be able to negotiate a lower commission. Also, find out what the agent is willing to do for you.

You may deal with one agent or more. Choose agents with whom you can work comfortably. Decide at the beginning what the agent will do for you. It's a good idea to put the agent's duties in writing. You must sign a listing contract with the agent. A listing contract specifies what the conditions of sale are, how long the agent will work for you, and what commission the agent will receive. If the agent breaks the contract, you may cancel the agreement or sue for damages. Damages are money that you may get when someone has caused you expense or inconvenience. There are three main types of listing contracts:

1. Exclusive-listing contracts

- You deal with only one agent.
- There's a time limit on the sale.
- If another agent finds a buyer, the exclusive agent gets part of the commission.

2. Multiple-listing-service (MLS) contracts

- You deal with a group of agents and agencies that work together.
- There's a time limit on the sale.
- The co-operating agents share the commission.

3. General- or open-listing contracts

- You deal with as many agents and agencies as you like. Anyone may sell your home, including you.
- There's usually no time limit on the sale.
- The first person to find a buyer who meets the conditions of sale earns the commission.

If you don't want other selling agents to call you directly, arrange in advance for your listing agent to deal with them.



▼ If you're buying

You needn't hire an agent to represent you. The seller's agent may be able to give you all the information that you need. The seller's agent wants to sell you a house.

You may ask as many sellers' agents and agencies as you want to help you find a house. Under the MLS system, agents from various companies pool listings and share commissions. Individual agents will encourage you to deal only with them so that they don't have to share their commission. You're not obligated to use only one agent.

If you want more than the traditional services that a seller's agent offers to a buyer, you may want to hire an agent to represent you, especially if you've never bought property before. Your own agent acts solely in your best interests. Your agent can verify information that the seller and the seller's agent give, evaluate alternative buying opportunities, and negotiate to your advantage. (Hiring an agent to help you buy is not a common practice in Alberta.) You may hire any practising real-estate agent.

You pay your agent a percentage of the selling price of the home or a flat fee.

Again, if you hire an agent, decide at the beginning what the agent will do. Ask for it in writing.

If you go to an open house, the agent who greets you represents the seller of the house. That means that the agent may pass on to the seller anything that you say, including how eager you are to buy, and how high a price you'll pay.

▼ If you're selling and buying

You may try to sell your home while you look for a replacement. If the home that you want to sell and the home that you want to buy are listed with the same agency, there is a conflict of interest, because the agency represents both sides. The agent should explain the conflict to you and the seller of the other house. If you and the other seller agree that the agent may be a dual agent, both of you

should specify in writing how the agent should proceed. Or both of you may hire independent agents to negotiate the deal.

Always ask agents whom they represent.

What rights do consumers have when they buy real estate in Alberta?

Home buyers in Alberta have protection under the provincial Real Estate Agents' Licensing Act.

▼ If you're selling

The agent must follow your instructions. If the agent forgets to lock your home and a thief burglarizes it, you may sue for damages.

Your agent must present all written offers to you (even if the price and terms differ from what you're asking) unless you tell your agent otherwise, in writing.

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Although the agent represents, and must be loyal to, the seller, the agent is also legally obligated to you if you're buying. The agent must tell you what the agent knows (or should know) about the property that might significantly affect how much you want the property or how much you want to pay for it. For example, if the agent knows that the basement of the house floods every spring and doesn't tell you, you can sue for damages.

If you give an agent deposit money, the agent must put it in a trust account and account for it accurately. You may ask to receive the interest that your money earns between when you make the deposit and when you buy the house. You don't automatically get the interest. As well, there may not be enough time for the money to earn interest before you close the deal (finish buying the house). Be sure to negotiate how interest (if any) will be paid.

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interests. The agent can be paid on an hourly basis to review the transaction and assist in negotiations.

Q. What about buyers who are represented by their own agents?

A. These agents are duty-bound to disclose this fact to your agent. In cases where the buyer's agent is paid a fee by the buyer, your agent and the buyer's agent must work out an arrangement if they are to share the commission for the sale. Otherwise a conflict of interest may arise.

▼ Key points for sellers:

- Before signing a listing agreement, know what the agent is prepared to do to sell your house.
- Make arrangements with your listing agent if you don't want to deal directly with other selling agents.

For more information

See the tipsheets, *Buying a House* and *Buying a Condominium*, available from Alberta Consumer and Corporate Affairs.

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